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FOUNDED 1912

What . . .

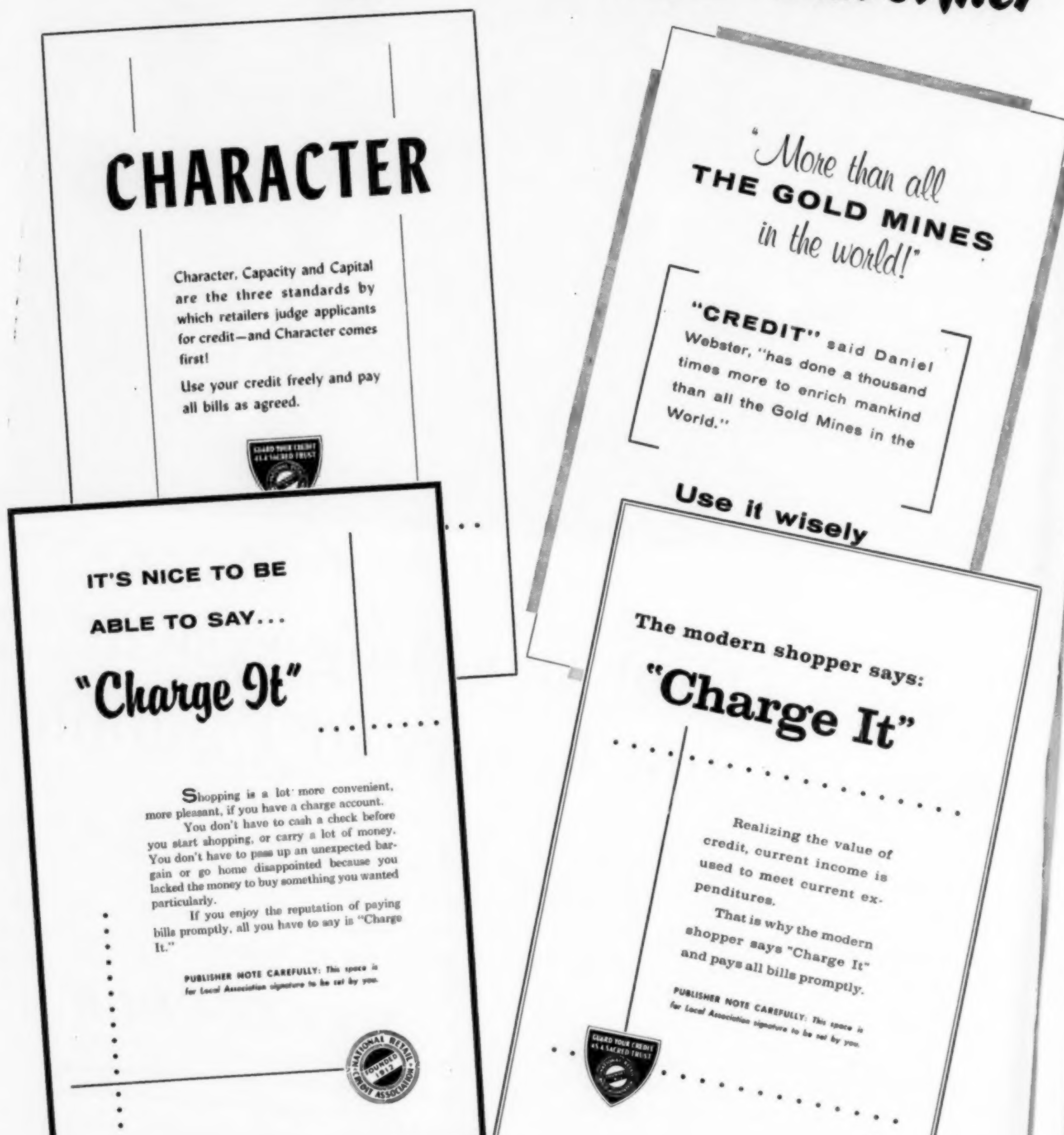
Is the Most Important Credit Problem for 1957?

See Pages 16-18

THE CREDIT WORLD
ONLY PUBLICATION DEVOTED EXCLUSIVELY TO RETAIL CREDIT

FEBRUARY, 1957

Educating the Credit Customer



AT THE request of several associations, four additional consumer ads were designed to supplement our 1956 series. They are different and are for publicity prior to, during and following National Retail Credit Week, April 28 to May 4, 1957.

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NATIONAL RETAIL CREDIT ASSOCIATION

375 JACKSON AVENUE

ST. LOUIS 5, MISSOURI

The CREDIT WORLD

REGISTERED IN THE UNITED STATES PATENT OFFICE

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

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Volume 45 | February, 1957 | Number 5

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CIRCULATION OF THIS ISSUE 44,000

Entered as second-class matter at the Post Office at St. Louis, Mo., under the Act of March 3, 1879. Published Monthly. Subscription $3.00 a year, *to members of the National Retail Credit Association only*. Articles published in The CREDIT WORLD reflect the opinions of the authors and not necessarily the viewpoint of the National Retail Credit Association. Reproduction privileges of original material are hereby granted, provided usual credit is given. Please advise us immediately of any change in your address to avoid interruption in receiving The CREDIT WORLD.

Printed in U.S.A., by the Bethany Press.

The Consumer Credit Situation

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Chicago, Illinois

A YEAR AGO many people in this country were concerned about short-term consumer debt. Some were concerned that the volume was too high. Some were concerned that it was increasing at too rapid a rate, and feared that it would continue to increase rapidly. Others were concerned that it would not continue to increase at as rapid a rate or might even decrease.

Thus, it seemed desirable to examine at some length questions with respect to the total volume of consumer debt. The frank and widespread discussion of the facts, which occurred in many circles, has brought understanding to most thoughtful people. Today, most people realize that dollar aggregates have been reaching new highs year after year in almost all areas in the American economy and that the volume of outstanding consumer debt inevitably reflected that development. Now this is saying nothing more or less than that the volume of consumer debt can be examined, fruitfully, only in relation to the volume of economic activity and other general economic measures. Today there is also a more widespread recognition that the persistent and almost uninterrupted growth in instalment credit reflected long-term changes in our national economy and in public acceptance of consumer credit as an appropriate tool for American families to use to improve their scale of living.

Currently, total short-term consumer debt is about 113.9 per cent of consumer income after taxes, and consumer instalment debt is about 10.7 per cent of consumer income after taxes. To use a different measure, repayments of instalment debt currently are absorbing 12.6 per cent of consumer income after taxes. These ratios have been rising almost constantly since the abnormally low level to which they fell during the war period. They are also higher than they were in the prewar period. It is desirable to set forth, briefly, the long-term changes in our national economy and in public acceptance of consumer credit which the growth in these ratios reflects:

First, during the pre-war period we were in the economic doldrums of the nineteen-thirties when there was widespread unemployment and a consequent hesitancy on the part of consumers and businessmen alike to assume obligations or to make long-term commitments. Since the war the opposite has been true; consumers and businessmen alike have generally looked to the future with optimism and with a willingness to assume obligations.

Second, since the nineteen-thirties there has been what has been called a revolution in the distribution of family income. More and more families have had a constantly wider margin of income over the amounts necessary for mere subsistence spending. For example, in 1936, 85 per cent of American families had annual money incomes after taxes of less than $2,000; in 1941, this 85 per cent had annual money incomes after taxes ranging up to $3,000. In 1955, only 36 per cent were in this group, and 50 per cent had an income of from $3,000 to $7,500 a year. Even taking account of the change in price level, more and more families have a larger proportionate amount available with which to buy consumer durable goods and to reduce instalment contracts.

Third, changes in our social structure and living habits have also been conducive to the acquisition of family fixed assets. The lack of "household help" has made even middle-income families dependent upon appliances to assist in household duties. Instalment payments on such labor-saving devices merely replace the former obligation to pay wages to servants. Nine out of ten family heads go to work by car, according to a survey made by *U. S. News and World Report*. Payments on the car replace, to some degree at least, former transportation expenses.

Fourth, over the years there has been an increased acceptance of the use of consumer credit by an ever widening group of families. The growth of private and public pension funds, hospital and medical insurance, unemployment compensation, etc., has made families more willing and better able to assume obligations to acquire family assets.

Fifth, there has been a continued expansion of instalment credit into new areas. This is reflected in the replacement of accommodation single-payment loans in banks, and in the widespread adoption of revolving credit plans by department stores for articles formerly available only on a charge-account or cash basis.

These five factors have all contributed to a growth in the volume of instalment credit and are reflected in the increased ratio of instalment debt outstanding, and of monthly repayments, to various national income figures (such as consumer income after taxes). These factors represent long-term trends and will continue, in my opinion. Thus it is probable that the ratio of instalment debt to national income figures will continue to rise, modestly, in coming years.

Quality of Instalment Credit

We should mention another factor which has influenced the volume and quality of instalment credit. This has been a progressive relaxation in the terms required on time-payment contracts. Initially, this relaxation reflected the removal of Regulation W which had restricted terms to an artificially low level. The relaxation also reflected, to a marked degree, a necessary adjustment to the higher prices paid for major consumer durable goods. For example, the price which new car buyers expected to pay (in 1954 dollars) rose from $2,030 in 1951, to $2,500 in 1953, and $2,700 in 1955, according to the *Survey of Consumer Finances*. This rise in the price which buyers expected to pay resulted from the prevailing tendency of new car buyers to demand the latest improvements and more accessories. Similar illustrations could be cited for other products. By lengthen-

ing terms, dealers kept monthly payments in line with the income of the mass of purchasers.

However, changes in terms during 1954-1955 were also of a different character. During 1954, when Federal Reserve policy changed from one of tightness to one of "active ease," many financial institutions relaxed their down-payment requirements and maturities in response to the greater availability of short- and long-term funds. The relaxation also reflected a normal reaction when earlier fears of increased delinquency were proved unfounded. However, the relaxation became progressively greater during 1955—caused by the race for volume of the large auto producers—and even resulted in some use of ridiculous terms, though much less than is generally supposed.

I wish to make only the briefest comment about the concern which was expressed a year ago that consumer debt was increasing too rapidly and that the rate of production in certain segments of the economy was too great to be permanently sustained. I am sure you have all heard the oft-told story about J. P. Morgan, who replied to the question, "What is the stock market going to do?" with the answer, "It will fluctuate." Most thoughtful students have come to accept the fact that the rate of activity and of growth in various segments of our economy will fluctuate from time to time. They realize that it would be folly to attempt to force a constant rate of growth in each segment of the economy. The most that the Federal Reserve Board and the President's Council of Economic Advisors can hope to attain is an economic climate conducive to sound and reasonably constant progress in the aggregate. If this is attained a normal amount of fluctuation in individual segments is necessary and desirable.

Quality of Consumer Credit

It is appropriate to examine the quality of consumer credit and the burden on individuals, represented by the present volume of debt.

In answer to the question, "Has the present volume of consumer debt caused trouble?" the record speaks for itself. All the available evidence indicates that delinquency has remained at an exceptionally low level and that charge-offs have continued to be reasonable. It is not surprising that this has been the case despite the rapid increase in consumer debt during 1955. The *Survey of Consumer Finances* made by the Survey Research Center of the University of Michigan, published in the July, 1956, *Federal Reserve Bulletin,* confirmed the facts which many of us believed existed. The *Survey* showed that in January and February of 1956, 45 per cent of the 55 million spending units in the United States had some short-term consumer instalment debt. Three-fifths of those owed less than $500.00. Generally speaking, among those with debt, the higher the income of the family, the higher the amount of consumer debt. The *Survey* also showed that nearly one-third of those with short-term consumer debt held liquid assets in excess of their debt.

The bulk of the instalment debt was concentrated in the middle income groups. In fact, if we set up four characteristics we can pretty well describe those with short-term instalment debt. The typical debtor is the head of a family; he is between 25 and 34 years of age; he has an income of $3,000 to $7,500 a year; and he has one or more children below the age of 18. Among this group, four out of every five families had short-term instalment debt. This is the period in life when family responsibilities grow more rapidly than does income. It is the period in life in which incomes are increasing. This is the group which was the least adversely affected in the two minor recessions that we had in recent years. Generally speaking, the debt is in the strongest possible hands.

The *Survey* also showed that these people—with exceptions, to be sure—had not overloaded themselves. Among the 55 million spending units at the beginning of 1956, 88 per cent either had no instalment debt or their monthly payments required less than 20 per cent of income after taxes. In only 12 per cent of the 55 million spending units did the monthly payments require 20 per cent or more of income, and in only 2 per cent of the cases did monthly payments require 40 per cent or more of monthly income.

Improved Financial Condition

On the basis of this *Survey,* the 12 per cent (or about 6.5 million) of the 55 million spending units in the United States are potentially candidates for trouble, and the 2 per cent (or one million families) would almost certainly be in trouble if their income were to decline significantly. Actually, these figures are an overstatement because in the *Survey* the amount of monthly payment in 1956 was related to 1955 annual income. A certain proportion of those people had improved their financial position by early 1956 and their debt had been incurred on the basis of that improvement.

Of course, looking at the burden of short-term instalment debt alone does not tell the whole story. The *Survey* also provided figures with respect to what was called "selected regular payments." These included, in addition to payments on short-term instalment debt, required rent or mortgage payments, together with property taxes and insurance, when those were included in the mortgage agreement. At the beginning of 1956, 29 per cent of the 55 million spending units had no "selected regular payment" obligations whatever. "Selected regular payments" required less than 20 per cent income (after taxes) for 31 per cent of the families, and required from 20 to 40 per cent for another 26 per cent of the families. Only 11 per cent of the spending units had "selected regular payments" which absorbed more than 40 per cent of monthly income after taxes.

Let us now turn to the outlook for consumer credit in 1957. I cannot tell you what *is* going to happen to consumer credit in 1957. Instead, I will try to analyze the demand-and-supply factors which will be operative. Any conclusions which we may reach regarding it must be based upon certain assumptions with respect to developments in the money market, on the one hand, and the general business outlook, on the other.

I do not need to tell you that the volume of consumer credit depends to a large degree upon the volume of consumer durable goods sales. We can also all agree that the supply of consumer durable goods will be ample, in general. Therefore, what we need to do is to analyze

the demand factors with respect to consumer durables. In looking at these demand factors there are two things to consider: first, consumer income, and, second, the attitudes of consumers which influence their expenditures and their willingness to assume debt.

It is generally accepted that business activity will continue to expand during the year. Thus, consumer income—$288 billion in the third quarter—will be maintained at or above present high levels. At what rate will consumers spend their income?

There is a high degree of stability of total consumer expenditures when related to the amount of consumer income after taxes. In each year since 1950—except 1955—consumers spent between 92.0 and 93.0 per cent of their income after taxes. In 1955, they spent 93.9 per cent and in the first three-quarters of 1956, they spent 92.8 per cent.

The obvious and the correct reason for this high relationship between consumer income and consumer spending, in the aggregate, is the fact that relatively few people are blessed with an excess of income. Stated differently, desires for goods and services, for most of us, exceed our incomes—and rightly so, for in the words of the poet, "Our reach should exceed our grasp, or what's a heaven for?"

Thus, it is correct to say that the total amount that consumers will spend can be determined within reasonably narrow limits, under ordinary circumstances, if we know the total amount of their income after taxes. During 1957, I expect consumer spending to be at about 93.0 per cent of consumer income after taxes.

Although total consumer expeditures are very stable, the various categories of personal consumption expenditures have varied from time to time. The dollar *amount* of consumer expenditures for services has increased quarter by quarter as far back as the estimates go, namely, 1939. Consumer expenditures for services, expressed as a *percentage* of consumer income after taxes, after fluctuating during the war, have grown constantly from 28 per cent in 1946 to 34 per cent in 1955. The percentage in 1957 will probably reflect a modest increase.

Consumer expenditures for durable goods have been between 11 per cent and 13 per cent of consumer income after taxes in seven of the ten years since World War II. (In 1946 the rate was 10.4 per cent; in 1950, 14.2 per cent; in 1955, 13.3 per cent.) They reached a peak of 13.6 per cent in the third quarter of 1955. In each quarter since then consumer expenditures for durables have declined, both in dollar amount and as a percentage of consumer income after taxes. By the third quarter of 1956, they were down to 11.45 per cent, the decline being accounted for largely by the lower level of automobile sales.

It is my guess that in 1957, consumer expenditures for durables will be closer to the 1956 than the 1955 rate, or at about 12 per cent of consumer income after taxes. This judgment is based upon the supply factors with respect to consumer credit to at least as great a degree as upon the demand factors for consumer durables, for it appears clear that consumer attitudes continue to be good. Let us look first at the latter.

The latest survey made by the Survey Research Center

of the University of Michigan in August and September of last year states that American consumers have as great optimism about business trends and their own future welfare as at any time in recent years. Few of them could think of any economic developments that might affect business conditions adversely in the months to come. Consumer intentions to buy consumer durable goods remain at a high level, although well below the peak levels indicated by surveys in the summer and fall of 1954. Thus, I would be inclined to assume that the 1957 car year will not result in a materially higher sale of new cars than the 1956 car year. Expressed intentions to buy major household goods were somewhat lower in this latest survey than they had been in the immediate past. You know, I am sure, however, that intentions and accomplishments do not always agree, in this as in other fields.

The title of the book which represents a recounting of the hundred-year history of Marshall Field and Company is *Give the Lady What She Wants.* This title well expresses the fact that the only purpose of economic activity is to satisfy the consumer's wants, whether we use the pronoun "he" or the pronoun "she" in referring to the consumer. In applying this to 1957, let me point out again that consumers will have adequate income and have an optimistic outlook with respect to their own future. Thus the conditions exist under which consumers can be induced to buy major consumer durable goods *if* they are convinced that the articles offered are a good buy.

Let me refer to one other statement in this connection. As you may know, groups of members of the sales executives clubs of this country have made a series of visits to foreign countries in recent years, each of which has been called "Operation Enterprise." The objective has been to explain to foreign businessmen how our economy operates. The three-day conference which was held in Stockholm several years ago was attended by 750 Swedish business and sales executives and was opened by King Gustav VI. At its conclusion the King said to the American team, "I have always wondered what made America so successful and you have shown me. You make people want things before they need them." In other words, the key to the demand for consumer durable goods in 1957 is the ability of manufacturers and retailers to persuade consumers that they want the products offered. Backlogs of demand from the war period do not exist, nor is the consumer's stock of family fixed assets necessarily obsolete or unusable.

Demand For All Types of Loans

To round out our picture, let us now look at the supply factors with respect to consumer credit. Basically, we must appraise the willingness and ability of consumer credit institutions to provide funds to consumers with which to make purchases of durable goods. In doing so, it is desirable to look first at the banks and then at the nonbanking institutions.

During the last year and a half banks have been faced with an increasingly strong demand for loans of all types. As you know, this demand has been so strong that the Federal Reserve System has found it necessary to permit a progressive tightening in the money market and to apply the brakes to prevent too rapid an increase in the total supply of credit. I do not foresee any rapid expansion in savings, nor do I foresee any decrease in the aggregate demand for credit. It seems reasonable, therefore, to assume that banks will not devote any significantly larger percentage of their loanable funds to the consumer sector. Some individual banks may deviate considerably from this pattern. Some individual banks will favor their consumer customers at the expense of their loans to sales finance companies and consumer finance companies, and others will do the opposite. In other words, it is my assumption that sales finance companies will continue to be faced with the same sort of problems they had during 1956, if an attempt is made to acquire additional short-term funds.

Long-Term Capital Market

You also know what has happened in the long-term capital market. You know that some of the largest and most respected sales finance companies in the country considered it expedient to postpone offerings of long-term securities in the market last June and subsequently acquired such funds at less favorable rates and conditions. If we are correct in assuming that general business activity will continue at a high level and improve during 1957 and that business will continue to invest in capital equipment at a high level, there would seem to be little expectation of a significant change in the long-term capital market.

This indicates that total outstanding consumer instalment credit in 1957 will not deviate much from the current level. I assume that there will be a distinct hesitancy on the part of sales finance companies and other nonbank credit institutions to pay the price which the long-term market now requires for additional funds. This hesitancy will impede the acquisition of such additional long-term funds. I also assume that these nonbank institutions do not have significant amounts of unused credit lines at banks.

Re-Examine Credit Policies

Under these circumstances, it seems to me that credit institutions can best adjust to monetary conditions by re-examining their credit policies. A renewed emphasis on quality of paper acquired would seem to be in order. For cash lenders, this means a more careful appraisal of the net worth and income position of the borrower to determine his creditworthiness. For sales finance institutions it means, in addition, a re-examination of down-payment requirements and maturity terms. I would assume that it would result in continued shift away from marginal terms. If the modest movement in this direction which has occurred continues, and I believe it will, then current repayments on instalment contracts, averaging $3 billion a month, will permit some increase in the number of transactions financed and in the volume of goods moved on credit.

If the cash buyer returns to the automobile market in 1957 in the volume that he displayed in 1955, then the optimism of Detroit may be justified. Otherwise, it is not. ★★★

The Probable Impact of Electronics On Credit and Collection Operation

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THIS article is written not as my personal opinion alone, but rather as the combined judgment of the members of the Subcommittee on Electronic Accounting Machine Developments of the National Conference of Electric and Gas Utility Accountants. While there is considerable "blue sky" thinking here, many members of the subcommittee have progressed far enough in their own companies to have a reasonably good idea how customer accounting and collection activities could be performed electronically and their thinking has influenced this paper. It will be interesting to look back on this paper five years from now to see how well we have gazed into the crystal ball.

There has been such an air of technology about electronics as applied to our data-processing that many of us are a bit apprehensive about it all. Perhaps we are oversimplifying the problem but we are becoming convinced that the transition to electronic data-processing equipment presents no more startling changes in thinking than did the transition from Boston Ledgers to punch cards. Many of us entered into that change with fear and trepidation but soon found it was not as bad as it seemed.

Just as the punch-card system is much broader in scope than the old Boston Ledger, so will the electronic system be much broader than the punch-card system. Let us look at these two systems. With the conventional punch-card system, data have been stored in the form of holes located in different positions in pieces of cardboard. Equipment has been devised to recognize what these holes represent and to process the data stored therein. These machines are capable of performing many calculations with great rapidity, but have required large amounts of manual card handling and data preparation both before and after calculation.

Electronic data-processing machines merely substitute for data stored in holes in cards, data stored in magnetic spots on metal or plastic tape. Machines have been developed not only to manipulate these data, but also to perform many of the previously necessary manual operations as well.

Let us now take a quick look at some of the advantages of electronic data-processing as well as a few of the limitations. Probably the most readily recognized advantage is the high-speed manipulation of data, resulting in the performance of many operations in succession, in times measured in thousandths of a second. A second advantage is complete freedom of document length, limited only by the length of the tape. As a few million digits may be placed on one reel of tape, it is obvious that the 80- or 90-character limitation of punch cards will be a thing of the past.

Another exceedingly important advantage is the ability of the equipment to store internally, detailed instructions to tell the machine what to do, all of which may be called upon as required. This permits most accounts to be processed by a single pass through the equipment without manual intervention.

A fourth great advantage is the ability of the equipment to make logical comparisons and to follow alternate paths of action depending on the result of the comparison. It should not take too much imagination for you credit and collection people to realize that it will be possible to select accounts on any basis you want by this process of comparison, provided you have first inserted on the tape the criteria by which the comparison is to be made.

There are, of course, some limits to this equipment. One is inherent in magnetic tape. The data on it are not visible. In order to have a visible record for reference purposes it is necessary to use the tape to actuate some form of printing device which will translate the magnetic dots into printed form. Such devices are now available and all systems under consideration at the present time propose periodic printing of this information in the form of a register or file available for visual inspection.

Another limitation is the extent of preplanning necessary. The equipment does not have a human mind and can only do what it has previously been told to, so every step in the accounting and, more specifically, the credit and collection routine must be carefully determined in advance with every possible variation anticipated and provided for. Instructions for all this routine must be inserted into the equipment to be ready when called for. This will require a far more detailed analysis of your operations than you have ever made before.

Cost of Equipment

Of course, everything has an economic side. While this equipment is costly and preparing for it is expensive, it appears to have possibilities of great savings if too much is not required of it. You can get almost anything out of it you want, but at a cost. One of the limitations, then, will be the cost of your credit and collection systems as compared to the value received. This is true of any system, however. You are going to be forced to make some careful evaluation to be sure your proposed system does not cost more than it is worth. Moderation is the order of the day here. Don't let your enthusiasm for reams of data run away with your over-all cost sense.

Now let us examine a typical customer-accounting system setup on magnetic tape for processing in such com-

puters as Remington Rand's Univac and IBM's 705. Later we can review in more detail how it would affect credit and collection. Let us assume a single service company, although there are no great problems caused by combination service. Let us also assume monthly billing with a 20-day meter-reading schedule. These are only for illustrations. There is no reason for them electronically.

The account of each customer would be recorded on magnetic tape and called a master customer record tape. Perhaps 2,000 to 10,000 accounts of information would comprise a reel of tape and there would be sufficient reels for each day of the meter-reading schedule to accommodate roughly one-twentieth of the total meters. Practically all present data pertaining to each account would be consolidated on the tapes, including necessary credit and collection data. These data in our typical system would be kept up to date by posting all changes once every five days. These changes include not only turn-on and turn-off orders but cash payments, journal vouchers, adjustments and credit records as well.

Visible access to these data would be provided by printing a register sheet from the master customer record tape immediately after billing the account. This register sheet would contain all the data contained on the tape. The register printed at the previous billing would eventually be destroyed except that one per year would be retained for some period of time to provide such past history as is deemed necessary by the company or Public Service Commission. Whenever account information is required, consulting the register would produce the same data now available on most ledger or punch-card systems, with one exception: cash would not be posted each day as most companies now do. In our theoretical company, only every five days would cash be posted to the master customer record tape and then it would not be visibly available. To overcome this, a daily listing of cash and other changes would be made, cumulative for four days. On the fifth day this information would be posted to the master customer record tape and an accounts receivable balance register showing outstanding amounts would be prepared. This means that it would frequently be necessary to consult two sources to determine if a payment had been received. There are different ways of handling the application of payments to the master record, but with present-day equipment it does not appear economically possible to post payments and have account balances on a daily basis. The most frequent posting yet planned by any utility is on a five-day basis.

But don't let the need to consult two sources for payments bother you from a credit and collection viewpoint, because you would have little occasion to do it. Actually by adjusting your operations to a series of five-day cycles you can get the data you need as a by-product of the file maintenance operation and have more accurate and complete collection data than ever before.

Now, let's analyze this customer-accounting system and see what it would do for the Credit and Collection Department. Before we get more involved, remember that every five days we are going to run through the master tape to post changes. In other words, the machine would actually be examining each account every five days. At each of these times, the tape reflects all payments received, so it would be possible for the machine to select any unpaid account for any type of collection action if properly told to do so. This can be determined on any selective process you devise. The necessary accounts then can be listed for credit review, printed directly on credit notices, or the current bill can be signaled for specific collection action.

Here is how the machine would get the information on which to base its decisions: First, codes would be set up and maintained in the master magnetic tape to signal the machine to give special attention to the accounts of customers who appear to be collection risks. Possibly I should explain that these codes are in effect the "ground rules" which a clerk now uses to analyze accounts visually to determine appropriate collection action. These codes would be set up in the magnetic tape whenever so dictated by the Collection Department. Second, certain accounts would be automatically coded by the system itself based on past collection experience maintained in the system. Third, the machine naturally knows the size of the current bill, the amount of the delinquent bills, the number of bills past due, and the age of the arrears.

Having all this information available, the programmers, once the appropriate formula has been determined by the Collection Department, can program the equipment to select current and delinquent accounts for various types of collection action. Certain companies might want other factors included in the formula or decide all of those mentioned are not necessary. The machine can be programmed accordingly, within certain economic limits, of course.

This is probably what the machine would do: During the current billing operation, bills for the particularly poor-pay customers, even without arrears, or bills with very large arrear items could be coded so that they could be later mechanically separated and, instead of being mailed directly to the customer, cleared through the Collection Department for specific collection action. At the time of each succeeding five-day interval during the monthly billing cycles, the machine could make similar selections by printing delinquent statements or reminder notices for mailing, notices of delinquency for collector action, or a collection listing for further review by the Collection Department. The machine would have one additional factor to take into consideration between billing cycles. This factor would be the age of the current bill. This allows the system to take successively more drastic types of collection action as the bill becomes older in five-day intervals. In addition to the machine's being able to select various types of accounts for specific collection action according to a predetermined pattern without the necessity of any manual or visual review, the system could also produce lists of accounts for which different types of collection action are questionable. These lists would be sent to the Collection Department to determine the action to take. The number of such exceptions should be extremely limited. Not only can you report the accounts you desire, but you can also bring out the past credit history if you have built it into the tape, thus eliminating credit history files.

Because of the frequent automatic review of accounts and a flexible formula, it should no longer be necessary for the Collection Department to keep voluminous records of customers needing collection action. This does not mean they may not want some running record for quick reference for a very small percentage of the bad-pay customers, but this should be kept to an absolute minimum, as in addition to the periodic records being prepared by the electronic system, any information about the customer can be obtained from the "bookkeepers" maintaining the master customer register.

Up to this point you have had no reason to look at cash records. The tape does it all for you, and you won't need to do so when you issue the turn-off to the field if, again, you can tie it in with the five-day cycle. If you can't, of course you'll have to check the cash listings, and you will have to check cash listings if you desire to send turn-off orders to the field between posting dates as might be necessary if there was no access to the meter on the first call. So your reference to cash listings appears to be very much at a minimum. It appears that most of your data can be handed you for decision.

Uncollectible charge-offs can also be done automatically on the electronic system if a formula for such charge-offs can be determined in advance and coded into the electronic system. Once the uncollectibles are charged off, it seems entirely feasible to maintain them in the same sequence on the magnetic tape as active accounts. This would facilitate reference to the master tapes and facilitate, for example, the posting of cash payments that come in on these inactive accounts. The system itself could make the proper distribution of payments applied to uncollectible accounts. With uncollectible data carried on tapes, statistical studies could be made which would be beneficial in formulating better collection policies and procedures.

Final bills in our theoretical company could be prepared only at five-day intervals. The selection of finaled accounts for collection action could follow a different collection pattern than those for active accounts. Deposit information could also be maintained on the master customer tape along with regular account information and automatically applied to final bills. With proper programming the calculation and application of accrued interest on customers' deposits likewise can be accomplished electronically.

Now what does all this mean to you as credit and collection men? *First,* it is going to be necessary for you to prepare routines and procedures carefully worked out and geared to the file maintenance cycle of your electronic customer-accounting system. Actually, you will want to influence the frequency of that file maintenance cycle if it appears that it is going to be too infrequent for best credit operation. In doing so, however, you must remember that the frequency of tape processing directly affects the cost of the system and you must be prepared to justify from a credit and collection standpoint any frequency greater than customer accounting requires.

Second, it will be necessary for you to express as many as possible of your judgment factors in concrete terms. You can still exercise judgment if you desire and you will probably have better data upon which to base it, but the more you can reduce to finite terms the more can be done mechanically and the lower your costs will be. And, we suspect, the more you are forced to express your judgment factors in concrete terms, the better opportunity you will have to analyze and evaluate your credit experience and your customer relations.

Third, there will be an elimination of much of the clerical drudgery connected with collection work and you will be freer to devote your time to improving your system, following closer the delicate accounts and concentrating more on customer relations.

We do not feel by any means that electronics will be a substitute for the credit and collection man. We feel that it will be an improved tool for doing your job, that it should raise the standard of your job and work, and should improve the relationship of your company and its customers, all at a reduced cost. ★★★

Consumer Credit Education in High Schools

JOHN H. ROBB, ***Assistant Manager,*** **Credit Bureau of Des Moines, Des Moines, Iowa**

MUCH HAS BEEN SAID and written about consumer education programs for high school students. This is not an attempt to repeat past material; we only hope that it is a fresh approach to an age-old problem.

Four years ago the Board of Education of the City of Des Moines requested that our local chapter of the Retail Credit Association prepare a program for use in the public school system for senior students.

A great deal of work went into the program and the Board of Education thought that we had accomplished our purpose in the first year of this endeavor. During the first year, John Lanning, of Green Colonial, Inc., president of Retail Credit Association of Des Moines that year, spark-plugged the program. Since it was in the formative stage, various methods of approaching the students were tried. Gradually a distinctive formula started to develop, which has evolved into the program that we have today.

Two years ago the Retail Credit Association of Des Moines purchased, for use in the high schools, several hundred copies of the book entitled *Using Consumer Credit,* which had been approved for use in the school system by the Board of Education. At that time this was about the only text available and since the Board of Education had approved the book, we bought the one they desired.

When purchasing books of this type we must realize that some may feel that the book is slanted one way or another toward a particular group. We have pointed out to our members that the perfect book for any subject matter has yet to be published and we were following the choice of the Board of Education.

In the following years the format which was finally decided upon has worked very successfully. The local Association purchased the film, "The Good Things of Life—on Credit," produced by the National Retail Credit Association. This film is used the first day of the presentation. Since the film is 28 minutes in length, it leaves us an additional 37 minutes to devote to another part of the program. A 20-minute "canned speech" was prepared to follow the film. The final portion of the period is devoted to a question-and-answer session led by a discussion leader from Retail Credit Association of Des Moines or the Credit Women's Breakfast Club of Des Moines.

The following day, I, as the representative from the Credit Bureau of Des Moines, devote the entire period to a presentation of what credit can mean to the student as an individual and how the credit bureau affects his everyday life. At the beginning of the class period a 14-page brochure, explaining the evolution of credit from the beginning to modern-day methods, is given to every student with instructions not only to read it themselves but to take it home and discuss it with their parents.

The brochure includes material on opening new accounts, various types of accounts that a person can have, various types of lending agencies, the credit organizations that are interested in credit problems, and a complete explanation of credit bureau activities.

The next portion of the period is devoted to class discussion of our local credit bureau and how it affects the life of each and every individual in our community. This discussion is at a mature level and the presentation is a little on the "earthy" side. In other words, in addition to showing all the things credit can do for the students, we also bring out the character portion and how their lives could be ruined by their getting off on the wrong foot character-wise. The final portion of the program is a question-and-answer period tying together the two-day presentation.

The results of this program have astounded even some of our severest critics. The first thing we noticed was a reawakening of high school students to securing jobs in credit work. Second, we discovered to our amazement that roughly 25 per cent of the seniors in these classes were already using credit to some extent and consequently the time was "ripe" to guide them on the proper road in handling their accounts correctly. Third, and a consequence which we overlooked in our original planning, was the effect that it had on the homes of these students. We noticed, as a general rule, that after every presentation we had telephone calls and personal calls in our office from the parents of these students checking on their personal ratings and, if their ratings were poor, requesting information as to how they could improve

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Increase Credit Operation Profits

James H. Myers and Warren C. Cordner

IT IS EASY and profitable to okay the extension of credit to those who will obviously repay an obligation and likewise it is easy and profitable to reduce expenses by refusing credit to those who obviously will not, or cannot, repay. Unfortunately, there are not enough of those good-pay customers in the country for all of us to stay in business; therefore, the extension of credit to those who fall in that gray area between the two extremes is mandatory. It is in this gray area where a profit or loss from credit operation is determined. If the credit department extends credit to those who are too deep a shade of gray, unnecessary losses are incurred. If the credit standards are too high, profitable sales are lost. To come close to maximizing profits, accurate credit judgment is necessary.

The purpose of this study was to develop a tool to improve the credit man's judgment in the gray area—not to replace him. Credit executives are only human and unfortunately their attitude and judgment are affected by various events each day both at home and on the job. When unexpected credit losses are discovered, when unexpected recoveries are made or a difficult skip is located, his judgment is affected. These, plus many other factors, have a tendency to sway his decisions away from the most profitable credit extensions.

If the credit man in your operation had the opportunity to use a tool similar to the one that was developed here, it would improve the accuracy of his judgment.

This study was made in an operation where both direct consumer instalment loans are made and nonrecourse conditional sales contracts on consumer goods are purchased from various retail operations in the area. This study was exclusively limited to the latter, even though it is applicable to any operation where a volume of consumer credit is extended.

In order to accomplish our objective, it was necessary to identify a number of factors, the total of which would predict more accurately the future collectibility of the borderline credit risk. These factors can be determined by looking at differences which exist between two groups: (1) those who pay their entire obligation and (2) those who do not. If differences can be found between these two groups with respect to a number of factors, these factors can then be utilized to predict in advance of the credit commitments which groups are likely to pay and which are not. Of course, the experienced credit executive is already doing this when he studies whatever information is available to him and reaches a decision regarding whether or not he will grant credit. The scientific approach merely goes one step further and defines more objectively and exactly the degree of risk involved.

JAMES H. MYERS, Ph.D. in Industrial Psychology from the University of Southern California. He is a member of the American Psychological Association and has had several years' experience in areas in psychological research. WARREN C. CORDNER is President, First Thrift of Los Angeles, Los Angeles, California.

In the case of contracts (which were exclusively under consideration in this study), the only factors or items of information available about the applicant are those shown on the application. This greatly restricts the amount of information available to the experienced credit evaluator in deciding whether or not to assume the risk; that is, he cannot observe the applicant's dress, mode of behavior, manner of speech, etc. The evaluator is forced to rely solely upon the information shown on the application form, plus verification by a credit investigation.

In order to determine differences which might exist between groups who pay and those who do not, it was necessary to select a sample of credit applications of persons in each category. (Hereinafter, contracts from persons who pay will be designated "AA"—paid as agreed; those from persons who do not pay are designated "CO"—charged off.) Accordingly, 200 applications from each group were drawn from the files in random fashion. All applications were submitted and accepted during the period from January 1, 1954, to December 31, 1954, and the selection was made in such a way as to avoid predetermining the results which might emerge from this study; that is, the content of each form was not noted until after it was selected.

After carefully analyzing the format of the application blank, it was found possible to identify 38 factors or items of information (listed below) which could be studied to determine possible differences between the AA and CO groups.

Dealer
Age and sex of principal
Number dependents
Address (map zone)
How long (present address)
Telephone (yes or no)
Buy or rent
How long (previous address)
Change of state?
How long (previous job—she)
Bank account—commercial or savings
Make and year of auto
Number present loans (include this contract)
Total present instalment indebtedness (include this contract)
Total monthly payments (include this contract)
Number instalment credit references given
Number credit references cleared
Occupation—he
How long (present job)
Income—he
Salary or commission or hourly rate—he
Previous occupation difficulty (yes or no)
How long (previous job—he)
Occupation—she
How long (present job—she)
Income—she
Family income (monthly). Note M or F for principal
Salary or commission or hourly rate—she
Previous occupation?—she (yes or no)
High credit—$
Amount of sale
Amount down payment
Amount in cash
Amount in trade
Amount net contract
Amount discount
Amount gross contract
Rate of discount

The differences between the two groups were systematically noted with respect to each of the 38 factors. Mathematical statistical techniques were used in this phase with two objectives: (1) to determine whether or not any discrepancies which were found between the AA and CO groups were likely to be merely due to chance fluctuation within the particular sample selected, or if these differences would be likely to hold true for other samples and thus for future business; (2) to define more accurately the magnitude of the real variances which were found. These magnitudes could then be used as a basis for weighting the factors which were found to be predictive. These statistical techniques are the crux of a study of this type. They permit the degree of precision which is necessary for developing the scientific tool for selecting credit risks.

As a result of the above analysis, 17 of the 33 factors (listed below) were found to differentiate between the AA and CO groups. Any one of these factors alone would not be of much value in screening, but it was hoped that all 17 in combination would provide sufficient accuracy that unprofitable credit risks could be identified. Before these 17 factors could be used to screen credit applications, it was necessary to test them on new samples. This would provide the required proof that the selection system would work in actual practice.

Dealer
Age of principal
How long (present address)
Telephone (yes or no)
How long (previous address) (present address)
Change of state?
Occupation—he
How long (present job)?
How long previous and present jobs?—he
Family income (monthly)
Bank account—commercial or savings
Make and year of auto
Number present loans (include this contract)
Number credit references cleared
Per cent down payment
Rate of discount
Buy or rent

Seventeen Factors Tested

In order to test the 17 factors which were found to differentiate, approximately 100 more AA and CO cases were selected from the files. These applications were submitted and accepted during the period from January 1, 1952, to December 31, 1954, and were selected in a manner similar to that used for the first sample, or in random fashion. If the 17 factors could distinguish between the CO and AA groups in this sample it could be assumed that they could do so for other samples: i.e., future business.

Weights were assigned to each of the 17 factors so that it would be possible to assign a "score" on each factor (e.g., one factor had a weight of up to 5 points; another had a weight of up to 15 points). Using these weights, each contract in the new sample was "scored" on each of the 17 factors. Scores on all 17 factors were summed on each contract to produce a total score. Total scores could range from 69 to 139 points. The test would be whether or not scores of the AA group differed substantially from those of the CO group. The table following shows the results.

AA		CO
	76-77	×
	78-79	×××
	80-81	××
××× —	82-83	×××
	84-85	×××××
	86-87	××××××××××
× —	88-89	××××××××××××
××× —	90-91	×××××××××××××
××××× —	92-93	×××××××××
× —	94-95	×××××××××××
×××××× —	96-97	××××××××
××××××××× —	98-99	××××
××××× —	100-101	×××××××
×××××××× —	102-103	
×××××××× —	104-105	×××
×××× —	106-107	×××
××××××× —	108-109	××××
× —	110-111	
×××××× —	112-113	×
×××××× —	114-115	
××××××××× —	116-117	
×××× —	118-119	
×××××× —	120-121	
××× —	122-123	×
× —	124-125	
96		100

Each "×" represents 1 case.

Cursory inspection of the table shows that the two groups do indeed differ on total score. If, for example, we were to select arbitrarily a cut-off score of 91, we would eliminate 49 per cent of the CO's while sacrificing only 7 per cent of the AA's; whereas, a cut-off score of 89 would eliminate 36 per cent of the credit losses while sacrificing 4 per cent of the profitable business. A gain as great as this in eliminating unprofitable credit risks is surely significant in terms of reducing financial losses for credit institutions buying contracts of the type studied here.

Management can set the cut-off score at any point on the scale, depending upon an analysis of income and cost factors affecting the credit operation. The objective, of course, is to increase the net income. This can be done in one of two ways, depending upon the outcome of the study for your operation: (1) If it is found that your credit is too loose you can increase your net income by reducing the collection costs and credit losses by a greater amount than the loss in gross income derived from that class of business; it can further be increased by directing your efforts toward more profitable groups of credit risks. (2) If it is found that your credit is too tight, you can increase your gross income from increased sales by an amount greater than the additional cost necessary to absorb both the increased credit losses and increased collection expenses, again increasing your net income.

The point of the matter is that a selection tool of the type developed here can materially assist credit management in more accurately assessing or predicting the risk involved in extending credit, and it will materially assist general management in increasing the profit on credit sales.

If a similar study were conducted in your operation, the results should show that your credit is either too loose or too tight. Knowing this, you can increase your profits by the elimination of the extension of credit to unprofitable groups, or effect an increase in profitable credit sales. ★★★

Problems of Local Associations

VERNE RASMUSSEN, ***Credit Manager,*** **Evergreen Cemetery Company, Seattle, Washington**

WE IN THE Pacific Northwest have always been of the firm belief that the credit granter does appreciate receiving information that he can use in the betterment of his business. He is always concerned about collections, skips, charge-offs, credit follow-up procedures, and business policy. The biggest problem, however, is to get to your meetings, seminars, or credit schools those who most need the education. The small businessman is the worst offender even though he is always crying about poor collections, inefficient personnel, overbuying, receiving bad checks, and having trouble with inadequate records. We have, therefore, tried to make our meetings as much as possible on the educational side so that all types of credit granters will come.

We have found that using panels and audience participation is one of the best drawing factors. We have also used a credit granter as a guinea pig in running a mock credit interview, having a fellow credit granter be the customer and handling the interview in front of the audience. This has produced some interesting situations, resulting in many audience questions and making a lively meeting.

To supplement our regular meetings we publish monthly, from our 10th District office, a circular called "Credit Texts" which is mailed to the entire membership. This contains special features and educational items of interest to all credit granters. On the local level, special bulletins covering items of interest are issued from time to time.

We sponsor and promote credit schools and seminars, some of which are held in connection with the University of Washington. Regional and district conventions are held annually, where group meetings are held for specific types of businesses. These especially have proved beneficial. We assist in sponsoring evening courses on credit subjects at the University of Washington. We also promote interest in the credit bureau and inform credit granters of credit procedures by frequent tours with credit granters through the credit bureau. This educates the credit granter with the problems of the credit bureau and materially assists in creating a better feeling between the credit granter and the credit bureau. Speakers are furnished to trade groups when requested; and, last but not least, the services of Sterling Speake have been used when he is in our district. He always does a fine job and creates a great deal of interest, and to those of you who have never used his services, I would suggest that you sign him up now for a credit school in the future. Also, do not hesitate to write our national office, who can furnish books and material to help you.

As another idea for credit associations, may I suggest that you retain the services of a business administrator from your local college or university to be an ex-officio member of your board and to help you plan your educational features. This has been done in Seattle for the past few years and has proved most beneficial.

I will mention a few items on some of the credit schools which we have held in the Pacific Northwest which you might find of interest. At one of our recent credit schools which was handled entirely by our own credit executives, we covered the following subjects: forming a collection policy, what the collection policy should contain, how to set up good collection records or collection systems, the collection of accounts, and skip-tracing, legal aspects of credit, including minors, premarital purchases, statute of limitations, divorces, remarriage, separations, "not responsible" notices, proper opening or credit applications, psychological side of credit, letters that motivate people into action, and check cashing, which included a bulletin from the Seattle Police Department outlining in detail items to watch out for. After the school a résumé of the proceedings of the school was made available for those attending.

At another one of our credit schools we handled everything at the executives' level, covering subjects such as consumer credit and national economy, economics of the Northwest, exploitation of credit controls, public and human relations and legal aspects of credit, using in this school speakers of national importance such as W. Walter Williams, now Undersecretary of Commerce, university professors, prominent educators and attorneys. This type of school proves popular with management.

Last fall we completed in conjunction with the University of Washington a seminar, "Management for the Independent Businessman." This seminar covered five days, with registrants living on the University of Washington campus. University professors, stressing subjects that would make the independent or small businessman a better operator, were used exclusively. This course went into finance and accounting along with marketing, selling, and human relationships. A flat fee, covering meals, living quarters, and educational material, was charged.

We have arranged with the University of Washington to co-sponsor a retail credit seminar for which the students will live on the campus throughout the entire course, which will be instructed by professors on the campus, supplemented by local credit executives. We hope this seminar will be an annual event at the University with different subjects, at different management levels, being covered each year. This year we covered such subjects as opening accounts properly, reducing credit risks, increasing credit sales, control of accounts, decreasing of collection problems, employee-employer relationships, how to write good credit letters, and legal aspects of credits and rights of a credit granter.

It is our feeling that we are progressing along the right lines in educating the credit granter; however, we know that there is always room for improvement and we will continue to do all we can to further his education. We know a well-educated credit granter is a good N.R.C.A. member and bureau user—which is, of course, the result we are after.

Every N.R.C.A. member—on his own, to help himself—should by all means read The CREDIT WORLD regularly, and subscribe to "Effective Credit and Collection Letters" put out by the national office of N.R.C.A. I hope that I have given you some ideas that might be of use in your locality. ★★★

Local and District Problems

MRS. UNA PEARSON, *Past President,* Credit Women's Breakfast Clubs of North America

TO PRESENT the place of the Credit Women's Breakfast Clubs in the picture of the three cooperating organizations, N.R.C.A., ACBofA, and CWBC of NA, I should first like to give a little background. This will, I hope, refresh the memories of those who know it as well as I, or better, and also inform those who may not be familiar with the history, purposes, and, in some cases, problems of CWBC.

Originally conceived as an idea of Edith Shaw Johnson of Portland, Oregon, in 1930, the Breakfast Clubs have had wide and rapid growth. The purpose was then, as it is still, to achieve more understanding of mutual problems between women engaged in credit work in offices, retail establishments, professional offices, and credit bureaus.

Our membership requirements are that the woman be employed by a firm holding membership in the local credit bureau affiliated with the Associated Credit Bureaus of America and/or the National Retail Credit Association.

Thus, we are naturally interested in and cooperative with our two fellow credit organizations. The N.R.C.A. is our parent organization and we operated as a division of it for many years until our own incorporation.

Our membership is composed of approximately 10 per cent bureau managers and employees, the balance being credit managers and credit office personnel. We have almost 400 clubs in as many cities in the U.S.A., Canada, and Hawaii. Approximately 60 per cent of the clubs are in towns under 50,000 population.

However, 53 per cent of the membership is in cities over 50,000. I am citing these figures because they are important in placing our function and usefulness in relationship to the two other organizations.

Each year we publish a manual which contains basic information on retail credit procedures and techniques. Our clubs study this manual, take examinations, and receive certificates. The objective is to educate the woman in better credit practices so that she will be of more value to her employer and will achieve job-advancement for herself.

We have, as I have said, bureau managers and credit managers who are also active in their own associations. We are grateful to these women for their active interest and help at all levels of CWBC and are proud of their places in local and district offices of N.R.C.A. and ACBofA.

Our main concern, however, is the instruction and up-grading of women in credit offices. This serves to provide better informed, more effective employees; it provides the bureaus with more responsive, informed women, in the offices of its members.

Locally, our clubs have joint meetings and projects of community credit education with retail credit associations and bureaus. Many CWBC members serve on the boards of those organizations.

A Breakfast Club is not in conflict with a local credit managers' association, but adds another vehicle of dissemination of information and community education. All our district meetings are held jointly with those of N.R.C.A. and ACBofA. It is here that the organizations contribute to mutual understanding and benefit. And it is *here* that some problems of scheduling and division of interest arise. I place these problems in three categories: Scheduling, Financing, and Education.

While the districts meet for varying lengths of time, most have two to three days of joint meetings of the organizations. This means each association has perhaps a day, prior to general sessions, to take care of its own business of annual meetings, elections, etc. N.R.C.A. and ACBofA do the majority of their association business at board meetings, thus leaving full time of the delegates for attending discussion meetings. CWBC varies, in that the total delegate attendance meets for

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What Is the Most Important di

The year of 1957 will present a tremendous challenge to the retail automotive industry. The stage is set—the new models are outstanding in design, performance, and comfort. The general economic outlook is good. Relations between factories and dealers are much improved. However, dealers are faced with higher operating costs, competition is keener, and the retail price tag on the new models has been increased an average of seven and one-half per cent. The dealer who has his house in order, ready for this challenge, is the one who will survive and prosper in 1957. One of the most important preparations that management must make is to ensure that the sales department is thoroughly schooled in the intelligent promotion and selling of automobile finance. During the last two years, many dealers resorted to numerous procedures certainly not in keeping with sound business practice. One of the most serious pitfalls was the relaxing of standards in the granting of credit on instalment purchases. Most dealers now fully realize what folly it was. They should now set their sights on the middle of the road by tightening credit policies which will account for more profitable sales with less contingent liability to themselves. They will not go far wrong if they keep in mind that old barometer, *equity,* when accepting or rejecting credit. Tightening of credit policies should also mean a more cautious screening of the applicants. Beware of the marginal risks, *but* do not sell short the possibility that a marginal risk on the purchase of a new car may be a top-notch prospect for a good used car. A brief word on maintaining good relations with the "time" buyer: A salesman should clarify the contents of the sales contract, namely, the balance to carry, the finance charges, whether or not insurance is included, the monthly payment, and the length of the contract. Let there be no question in the mind of the buyer. This will counteract considerable public disfavor toward the industry which has developed over recent years due to unethical practices of some who have misrepresented the terms of a contract. It is good public relations. Try it! How important is a good finance program? Between 65 and 70 per cent of all cars sold are on time-payment plans. With reference to thirty-day charge accounts, the problem of collections and delinquencies is becoming of more serious concern in our business, as it seemingly is in all others. There is much discussion at present in Kansas City regarding the assessment of a penalty charge on past-due balances. The idea is meeting with considerable favor. Those few who have had some little experience with such a plan advise that results are being obtained. It would be my recommendation that at 60 days a notice be sent out with a warning that if the balance was not cleared within 30 days, a charge would be added retroactive to the time when the account became past due. One other thought on collections during 1957. It would be well to review procedures, particularly relative to the time element involving the sending of notices, and personal and telephone contacts. Tighten up—make contracts sooner! That old adage, that the creditor who gets there first is usually the more successful one, is worth a try!—C. K. Walbert, Credit Manager, Greenlease-O'Neill Oldsmobile, Kansas City, Missouri.

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We in Canada have undergone credit restrictions at the financial level for just over a year. This financial credit restriction not only curtails the expansion of our business ventures but also has the effect of filtering down through all branches of our business. Therefore, we find that our credit policy today is one of extending credit to those who best deserve to use it. The marginal risk is finding it more difficult each month to obtain any substantial amount of credit and we find ourselves continually weeding out this type of account and being in a position to replace it with accounts more to our desired standards. Within the last few months our credit terms for Conditional Sales Contracts have been considerably curtailed and the policy of end payments, or balloons, is avoided almost completely; our longest term contract is generally 24 months and in some instances 30 months for new cars, 24 months for one- and two-year-old cars, 18 months for three- to five-year-old cars and everything else 12 months. We find interest rates have increased to our customers, in some places as much as one and one-half per cent flat. We see no relief in the immediate future for a change in our financial credit restrictions, which in itself must govern, to a good degree, our credit policies to our retail customers. Although this will have the effect of making people realize the true value of a sound credit rating and is a desirable one in the eyes of our credit organizations, I think our sales departments take rather a dim view of these proceedings and would be just as happy to operate without credit people.—C. R. Wellington, Credit Manager, Johnston Motor Company, Limited, Vancouver, British Columbia, Canada.

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The tremendous response to various adaptations of revolving credit has loaded accounts receivable to new heights. Let us not overlook the fact that a store's finances are only as liquid as its accounts receivable, and in my opinion there should be serious concern as to the quality and the amount of outstandings a business can safely carry. Nobody—and I repeat *nobody*—knows how our customers would react in case of adversity or financial reverses. We can only assume they would come through as they did in the depression 30's. They are not the same group of people that paid out so well in that situation, nor are they paying for nearly as much "hard" merchandise subject to repossession. Today's credit is largely extended on character, not on collateral or replevin value, and we should be mindful of this as we continually strive for more charge business.—W. H. Wittwer, Credit Manager, Wolff, Kubly, Hirsig, Madison, Wisconsin.

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My thoughts on some of the controversial credit problems are as follows:

1. I believe that the emphasis on "one-purpose" accounts is a bit premature. The retention of 30-day accounts does serve a useful purpose although in our present credit economy, any series of purchases on a 30-day account basis which require a large cash outlay for payment at any one period of time serves psychologically to delay temporarily current purchases of the customer. At the same time, I believe the 30-day account is a practical thing to continue, since the level of customers' understanding of credit functions has not reached a point where an occasional brake extended by an account "clean-up" is not a healthy thing for the individual. I believe that a service could be performed by N.R.C.A., N.R.D.G.A., or perhaps local merchants' groups if the use and abuse of credit could be introduced into our secondary educational systems, for, after all, we are currently teaching the younger generation to count and use money, so why not the same emphasis on credit?

2. I do not believe that it is a healthy credit practice to permit the same customer to have both 30-day and revolving credit accounts at the same time, although in a conversion period to "one-purpose" accounts it is probably a practical method to do so.

3. I do not believe that regular revolving credit accounts and instalment accounts should ever be merged into a single account, because I believe there is still a basic and important distinction between the use of credit for hard and soft goods, and the co-mingling of such accounts would make constructive credit administration very difficult.

4. I certainly believe that the long-range effect of service charges on past-due accounts plus the chart account revolving credit account will hasten the day when we simplify our credit selling practice to a one- or two-account system. I think, right now, that all these variations are merely confusing the customers rather than assisting them in making credit purchases.

5. I very strongly feel that the retailers, by recently increasing their service charges for servicing credit accounts, are facing the potential risk of very stringent usury actions on the part of State authorities. As you

dit Problem For 1957?

know, there are usury laws in 38 states, many of these laws being so worded that retailers could conceivably be included in their interpretations. Such is the case in the State of Missouri. I know of one retail organization where their counsel has advised that the selling of merchandise on an instalment basis is covered by the Small Loan Law and the restrictions of that legislation.—Paul H. Young, Jr., Treasurer, Scruggs-Vandervoort-Barney, Inc., St. Louis, Missouri.

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The year 1957 has a tremendous challenge for modern credit executives. It presents a most potent question: Are we using obsolete methods in our business? Today, credit management needs persons who are experts in today's methods. Just as advertising, distributing, merchandising and selling have changed, credit methods have changed, too. Credit has become a specialized field, with each step based on debtor psychology. BUYER . . . SELLER . . . COLLECTOR—THESE THREE: THE CREDIT EXECUTIVE MUST BE ALL OF THEM! Changing economic conditions alter definitions, even if the basic realities remain the same. So with the definition of the credit executive. Many have been the analyses of the duties and the functions, with a trend toward enlarging the scope of responsibilities, in growing realization of the role in building business volume as a teammate of sales. Credit executives perform as players on a team, with buyer and seller. They must calculate the risk and the soundness of the investment and exercise good judgment. As guardians of the company's profits, they should be interested in building sales volume and income; they are expected to protect capital and avoid serious losses. Each company must establish a credit policy; each credit executive must have a program. Liberal credits and prompt collections require the handling of customers on a human basis. There is no mystery about it. There is a romance of credit just as important and delightful as that of creative selling. Yes, it requires imagination, sound thinking, flexibility, faith with understanding, full knowledge of our jobs, analysis, optimism, and the practical application in all departments of life. Modern credit sales managers can plan to take the *guesswork* out of potential new business, and *guarantee* an improvement in volume of this new business . . . to benefit all.—Dean Ashby, Credit Sales Manager, The Fair, Fort Worth, Texas.

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There is every reason to believe that personal income will remain at a high level during 1957, and there is a lot of new business—good business—which can be brought in through the medium of credit sales. The effect of "tight money" will be felt mostly in the mortgage field. Department stores should have no difficulty in financing their accounts receivable, but probably at a higher price. Already there is a concerted move to raise service charges on revolving accounts from one to one and a half per cent. This change is best effected through the adoption of the "flexible limit" or "chart plan" so that the natural evolution toward the "one-account plan" will be stepped up by the fact of higher-priced money. Those who continue to maintain the standard form of accounts will undoubtedly increase the service charge rate on instalment accounts and bring their maximum terms to not more than twenty-four months. On the other hand, credit managers will be bedeviled by increasing collection problems. Revolving accounts have done their job well! Too many of us have used the revolving account as a means of accepting marginal accounts in the fond hope that it is not $150 credit we are extending—no, it's just $25 a month. The applications which come across our desks every day demonstrate that the marginal account is pretty well sold up. This must be a year when the credit manager takes a long look at his accounts; closing out the questionable ones, working out those taken in error, and forestalling the bogey of government stepping into the retail credit field.—John W. Amos, Credit Sales Manager, Walker Scott Company, San Diego, California.

I seldom make statements regarding the outlook for the simple reason that I feel the most informed prognosticators frequently go astray. I can only say that it might be safe to assume that the present tight money market will result in a slowing up of instalment sales and building programs. If these conditions are true, then it may be possible that 1957 will result in a slowing up in collections, and perhaps a greater emphasis of the credit manager's energies would, likewise, be cast in that direction. I believe that credit managers could make a distinct contribution to our field in 1957 if they could develop a consistent policy regarding the development of carrying charges for revolving credit, instalment credit, and regular monthly charge accounts.—Norman W. Bramley, Treasurer-Controller, Neiman-Marcus, Dallas, Texas.

★ ★ ★

Offering the types of credit service that customers want is important. In so doing, we should train those in the credit office so that they should endeavor to sell each individual customer on the particular type of account most suitable to his needs. Our most important problem in 1957 is to guard against cheapening credit beyond the requirements of the customer.—J. R. Clark, Credit Sales Manager, Monnig's, Fort Worth, Texas.

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A few days ago it was necessary for me to place one of our contractors on a C.O.D. basis and to press him for the amount due us. A year ago, this man—a customer of long standing and excellent volume—would have resented this action strenuously and vocally. Instead, he came in to talk it over and opened the conversation with: "I don't blame you a bit. I'd do the same thing in your shoes." From there, we went on to work out a solution to his problem satisfactory to both of us. This incident is typical of the new attitude we encounter among our contractor customers and is, we hope, indicative of a trend toward more realistic credit relations in the building materials trades of this area. "Tight money," together with the necessity of screening accounts more closely, has been the major factor responsible for this change and, in our opinion, the trend will continue into and through 1957. Bankruptcies have played a major role in the economy this past year—with builders liberally sprinkled throughout. Others who might well have taken bankruptcy have laboriously bailed themselves out of trouble, quit contracting, and hired out as carpenters, brickmasons, etc. They are back where they belong and are better off for it. So, also, is the contracting business. This past year has seen the building pendulum swing from project housing to custom building, speculative building of the better-class homes, and commercial work. Remodeling, in our area, is a going business all its own. We find credit risks in this type of activity are easier to assess. Revolving credit is becoming a factor in this area. It interests us only in that, when used by others, it ties up our customers' income for months ahead. This we consider unhealthy from the standpoint of sound credit, for the individual who can plan his finances satisfactorily for months ahead is one in a hundred. With this background for a preface, I look forward to 1957 as being a year of satisfactory volume developing along these lines:

1. Neither a buyer's nor a seller's market—but a salesman's market. Active sales solicitation, backed up by sound sales policies, will control the building materials market.
2. Sound credit granting will make a real gain in this area this year. The spirit of cooperation among granters is more apparent and we have before us our best chance in recent years to "sell" sound credit—to customers and competitors alike.
3. More realistic markups in many lines, with a resultant improved percentage of profit.

I anticipate with pleasure the opportunity to serve—my firm, my customers and my community—and I'll be selling sound credit all the way.—D. A. Corskie, Credit Manager, Exchange Lumber and Manufacturing Company, Spokane, Washington.

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In my opinion, the most important problem facing retail credit managers is that concerned with cost, service, and personnel. These three elements may very well

be considered as one; however, we feel they are vital, as there seems to be no lessening in the forces making these factors important and difficult to control. Not unlikely, the answer to the three will come through the credit manager's attention to modern mechanical means of office operations. Electronics, punch cards, IBM, the Ramax machine, point of sale authorization —all these innovations may help reduce costs, minimize lack of personnel, and result in better customer service. Aside from granting sound credit, there is not too much that the credit manager can do regarding the economic state of the nation which will determine the amount of credit requested and general repayment rate. However, something will have to be done to recognize mechanization as its knock on the door is now becoming a hard pounding which cannot be ignored except by those who sleep soundly. Credit managers will have to know what they want and make that need known to the makers of machines so they can be invented and obtained as quickly as possible for as many purposes as possible.—Ray Doyle, Credit Sales Manager, Peck & Peck, New York, New York.

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In considering retail credit problems that confront us there are different factors to consider, such as: (1) Inflation; (2) Increase in consumer credit; (3) Tight money policy; (4) International situation. All of the above factors affect credit. It must be recognized that inflation is perhaps the top problem of 1957. All of the late press reports clearly show that authorities are deeply concerned. Prices continue to mount, all of which means the cost-of-living index stands at a new high—up three per cent since February of 1956. The rapid increase in consumer credit has brought about considerable discussion pertaining to federal control. It is to be hoped this can be avoided. In my opinion, the tight money policy will have considerable effect upon consumer credit. Money will be a very important factor in 1957. Demands by individuals, industry, and government will be immense. Recent reports would indicate a limited supply of money. If true, this will affect credit. The international picture is unpredictable but, to say the least, it is bound to have considerable effect upon our economy during 1957. Notwithstanding the problems outlined that will confront us in 1957, the fact remains that the marked developments in sales promotion of various forms of revolving and continuous credit must and will be maintained. These new developments have increased consumer credit but by careful screening and close supervision of accounts, I am confident that 1957 will prove to be prosperous.—J. H. Fisher, Accounts Manager, Meier & Frank Company, Inc., Portland, Oregon.

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The retailer's main problem for 1957, in my opinion, is the active solicitation of new csutomers using new and different means of new-account promotion. Due to the high marriage rate and birth rate, more new family units are being established today than ever before in our nation. Here is an untold potential of available business for the retailer as more people are employed today than ever before, earning more money than ever before, with the cost of living remaining steady. The 1957 credit sales promotion budget should be expanded and a thorough and continuing solicitation-of-account promotion be programmed to be in force throughout the coming year. The merchandise, the facilities, and services of your firm must be brought forcibly and often to the attention of your potential customer to be sure his desires and his purchasing power are met and attracted to your firm.—George P. Johns, General Manager, Credit Bureau of Decatur, Inc., Decatur, Illinois.

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We look to 1957 with optimism. However, our attention will be given to analysing new accounts very carefully. We will try to forestall any pyramiding of current accounts. The risk account will be analysed more carefully and if necessary a larger down payment requested.—W. J. Kerr, Credit Manager, Woodward Stores, Limited, Vancouver, British Columbia, Canada.

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During 1957, credit executives will have many of the problems with which they are entirely familiar; but besides this the development of various new forms of credit will present some additional problems. It seems to be agreed that retail sales volume has leveled off. This condition will cause sales management to look toward various types of sales promotion which will involve the credit department. I think prompt and effective follow-up of collections will be very important during 1957, because it is a well-known fact that prompt-paying customers are in a position to buy in larger volume than slow-paying customers.—Charles E. Moorman, Executive Vice President, Credit Bureau of Jacksonville, Jacksonville, Florida.

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The traditional six per cent carrying charge causes an increasing amount of difficulty in covering rising credit department operating expenses. To show a profit is a real challenge. Two related problems, given attention, could help this situation. (1) Much of our population is transient; this will probably increase. World tension will keep defense personnel shifting. "Tight money" will cause some to look for greener pastures, especially in the building trades. Transient customers cause many of the "voluntary" repossession losses—rather than pay for the merchandise and move it, they say, "Come and get it." All credit granters should report their experience with these "merchandise renters" to the local credit bureau. Ask the credit bureau to forward the report to the city to which the customer is moving, if that is known. Speedy in-file reports, local or out-of-town, protect other merchants. (2) Credit managers should ask themselves concerning each transaction if it is likely to be a profitable one for the company. To make a proper decision, all possible information surrounding the subject is needed. The accuracy of this information is of the utmost importance. The credit bureau is our informer. Credit managers should give the credit bureau actual facts and ledger experience. Opinions —such as satisfactory, slow, good, bad, fair, and the like—are not enough on which to base decisions. It would be wonderful if we could always have actual ledger experience. Why not in 1957?—Howard C. Nelson, Credit Manager, Everybody's, Fort Worth, Texas.

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It is my considered opinion that the credit field will face a challenge for the year 1957. It will be a prosperous year with tendencies, however, toward inflation. Salaries and wages will, no doubt, continue to rise, enabling more families to pay present indebtednesses, thus putting themselves in a position to enter the purchasing field more quickly. This same payroll cost and other nonpayroll costs with today's money market make a difficult situation. This, then, will require that all credit executives meet this challenge by endeavoring to maintain or reduce present cost levels and at the same time increase the efficiency of their departments, in order to take full advantage of the additional business that will come their way. I feel, too, that the contingencies inherent in the coming year's business present an opportunity to control the consumer credit business, as it can be controlled only by the credit departments of the retail establishments of the country.—Earle A. Nirmaier, General Budget Director, Wilderotter and Company, Newark, New Jersey.

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The major credit problem of 1957 will be created in one's own credit office. With the increased costs of doing business, management has not fully recognized that credit costs also have risen sharply. Many think credit operation costs should be cut. This, I think, is penny wise and pound foolish. I do believe that efficiency should be practiced always, but with more and keener competition in credit selling and credit management becoming more and more involved in credit selling, our problem is to sell top management that better and more efficient help is very much a necessity. As always, efficiency will create economy.—Royce Sehnert, Credit Manager, *The Wichita Eagle*, Wichita, Kansas.

(To be continued next month.)

Local Association Activities

Dallas, Texas

At the annual meeting of the Dallas Retail Credit Managers' Association, the following officers and directors were elected for 1957: President, John W. Stovall, Republic National Bank; First Vice President, William F. Cofer, Neiman-Marcus; Second Vice President, Cliff Moore, *Dallas Morning News;* Treasurer, Cecil H. Rosamond, Dallas Medical and Surgical Clinic; Secretary, J. E. R. Chilton, III, Merchants Retail Credit Association; and Assistant Secretary, Mrs. Chellie Sue Bernard, Merchants Retail Credit Association. Directors: W. H. Bailey, Creditors Service Bureau; Lilas Barker, Dr. J. H. McCracken, Jr.; Robert A. Walling, First National Bank; Mrs. Helen Hutchinson, Albert's of Dallas; Harold Jones, Dreyfuss & Son; Jack Orr, Jr., American Transfer & Storage Co.; John Owen, Lang Floral; R. W. Pittsenberger, A. Harris & Co.; Thomas B. Lee, Oak Cliff Medical and Surgical Clinic; John W. Tallent, Sherwin Williams Paint Co.; J. E. Willis, Jr., Arthur A. Everts Co.; and George Zarafonetis, Preston State Bank.

Pensacola, Florida

The Associated Retail Credit Managers of Pensacola, Pensacola, Florida, has elected the following officers and directors for the ensuing year: President, Robert D. Blake, Jr., Warrington Bank; Vice President, John Pate, Navy Point Stores; Recording Secretary, Mrs. Mildred McGhee, White's, Inc.; Financial Secretary, Robert Cunningham, Rhodes, Inc.; and Treasurer, Vera Coons, Escambia Motors. Directors: Mrs. Avie Hatton, Bon Marche; Fred Mertins, Ed. White, Inc.; F. J. Perdue, Muldon Motor Co.; Phil Maher, Gulf Power Co.; Max Heinberg, Credit Bureau of Pensacola; Almon Payne, Sherrill Oil Co.; and Courtney Flythe, Pensacola Builders Supply Co.

Minneapolis, Minnesota

At the annual meeting of the Retail Credit Association, Minneapolis, Minnesota, the following officers and directors were elected: President, O. J. Van Lander, John W. Thomas & Co.; Vice President, N. A. Dashiell, Jr., Northwestern National Bank; and Secretary-Treasurer, Carleton A. Wildes, Credit Bureau of Minneapolis. Directors: Mabel H. Miller, Carnegie Dock & Fuel Co.; B. F. Collins, Warner Hardware Co.; George A. Werness, Werness Bros. Funeral Chapel; Robert L. Johnson, Maurice L. Rothschild-Young-Quinlan Co.; Vernon Olson, The C. Reiss Coal Co.; Kirby Norrbolm, Credit Bureau of Minneapolis; Carl F. Gerber, Great Plains Supply Co.; Robert Cutler, Schmitt Music Co.; Ellen Aasve, Marsh & McLennan; and A. W. Schreiner, The Cowell Press.

Spokane, Washington

At the 46th annual banquet of the Spokane Retail Credit Association, Spokane, Washington, the following officers and directors for 1957 were elected: President, William E. Phillips, Larson & Associates; Vice President, Frank Newman, Crescent; Treasurer, C. R. McCabe, True's Oil; Secretary, N. M. MacLeod, Credit Bureau; Assistant Secretary, M. T. Warrick, Credit Bureau; and Past President, Gale Beard, Barton Auto. Directors: Gene F. Larson, Deaconess Hospital; John Hasstidt, Rees Hall Oil Co.; Leo Sherfey, Brown Johnston Co.; C. P. Craigen, Old National Bank; Don Corskie, Exchange Lumber Oil Co.; Warren G. Francis, Carter Oil Co.

Bristol, Pennsylvania

At the organizational meeting of the Retail Credit Managers Association of Lower Bucks County, Bristol, Pennsylvania, the following officers and directors were elected: President, Louis DeAngelo, Farmers National Bank of Bucks County; Vice President, George E. Gardner, Meenan Oil Company; Secretary, Howard K. MacCorkle, Bucks County Credit and Collection Bureau; and Treasurer, Ardala E. Nicholls, Yards Department Store. Directors: Ralph B. Stanko, Pomeroy's; Howard H. Wink, Farmers National Bank of Bucks County; John E. Freund, Girard Investment Company; and Martin C. Kenneally, Jr., Beneficial Finance Corporation.

CREDIT FLASHES

Arthur F. Sweeney Promoted

Arthur F. Sweeney, credit office manager of Neiman-Marcus, Dallas, Texas, has been named credit manager of the Neiman-Marcus store in Houston, Texas. He succeeds Fred C. Cimmerman who resigned to accept the position of Executive Vice President, Merchants State Bank of Houston. Mr. Cimmerman is also a director of the National Retail Credit Association. Mr. Sweeney joined Neiman-Marcus in 1941 as assistant credit manager after serving as assistant credit manager of Reynolds-Penland in Dallas for five years. He is a graduate of St. Joseph's College, Muskogee, Oklahoma, is married and has two children.

Charlotte Credit Bureau Adopts Code of Ethics

The Credit Bureau of Charlotte, Charlotte, North Carolina, has adopted a new code of ethics, which follows:

To treat all credit information confidentially.

To reply to each credit inquiry promptly.

To include in each inquiry all of the information necessary to identify the subject properly.

To make each reply as complete as possible and completely accurate.

To state that information has been withheld if for any reason it cannot be released.

To preserve in confidence the identity of the source of information.

Award for Almon Payne

Almon Payne, credit manager, Sherrill Oil Company, Pensacola, Florida, was awarded the Max Heinberg award for outstanding service as a credit manager-member of the Associated Credit Managers of Pensacola, Pensacola, Florida, at their annual meeting Dec. 11, 1956. Shown below, on the right, is Mr. Heinberg, president of the Credit Bureau of Pensacola, making the presentation. Mr. Payne is a charter member and past president of the association and is at the present time a director. New officers, listed on page 19 of this issue of The Credit World, were installed at the meeting.

Coming District Meetings

District One (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Provinces of Quebec, New Brunswick, Nova Scotia, and Prince Edward Island, Canada) will hold its annual meeting at the New Ocean House, Swampscott, Massachusetts, April 28, 29, and 30, 1957.

District Three (Florida, Georgia, North Carolina, and South Carolina) and **District Four** (Alabama, Louisiana, Mississippi, and Tennessee) will hold their annual meeting in conjunction with the 43rd Annual International Consumer Credit Conference, Fontainebleau Hotel, Miami Beach, Florida, June 16, 17, 18, 19, and 20, 1957.

District Five (Kentucky, Michigan, Ohio, Ontario, Canada, Illinois, Indiana, and Wisconsin, except Superior) will hold its annual meeting at the Sheraton-Brock Hotel, Niagara Falls, Ontario, Canada, February 23, 24, 25, and 26, 1957.

District Six (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Superior, Wisconsin, and Manitoba, Canada) will hold its annual meeting at the Hotel Duluth, Duluth, Minnesota, March 10, 11, and 12, 1957.

District Seven (Arkansas, Kansas, Missouri, and Oklahoma) will hold its annual meeting at the Hotel Muehlebach, Kansas City, Missouri, March 9, 10, and 11, 1957.

District Eight (Texas) will hold its annual meeting at the Texas Hotel, Fort Worth, Texas, May 18, 19, 20, and 21, 1957.

District Nine (Colorado, New Mexico, Utah, and Wyoming) will hold its annual meeting in Carlsbad, New Mexico, May 18, 19, and 20, 1957.

District Ten (Alaska, Idaho, Montana, Oregon, Washington, Provinces of Alberta, British Columbia, and Saskatchewan, Canada) will hold its annual meeting at the Davenport Hotel, Spokane, Washington, May 18, 19, 20, and 21, 1957.

District Eleven (Arizona, California, Nevada and Hawaii) will hold its annual meeting at the Lafayette Hotel, Long Beach, California, February 16, 17, 18, and 19, 1957.

Position Wanted

Sales-minded Credit Manager, MCI degree, age 41, with 20 years' experience in the petroleum industry; currently controlling 85,000 accounts, wishes to relocate in a position with more scope. Pacific Northwest area preferred. Box 2571, The Credit World.

Consumer Credit Conference

The National Consumer Credit Conference will be held at the College of Business Administration of the University of Denver on March 24, 25, and 26, 1957. The general topic of the Conference will be "Current Consumer Credit Problems." Three broad areas of interest concerning consumer credit will be discussed. The first is the general problem of size and continued growth of total consumer debt. The second is the problem of consumer motivation and the relationship of consumer debt thereto. The third subtopic is that of consumer education today.

A number of well-qualified speakers have been obtained to discuss these problems. At the present time the following persons have agreed to participate in the program:

Abbott Mills, member of the Board of Governors of the Federal Reserve System;

Dr. Grover Ensley, research director, Joint Committee of the Economic Report, Congress of the United States;

Dr. Sidney Rolfe, C. I. T. Financial Corporation, New York;

Dr. ElRoy Nelson, First Security Corporation, Salt Lake City, Utah;

Dr. Henry I. Kester, University of Colorado, Boulder, Colorado;

Marie Robinson, West High School, Denver, Colorado;

Dr. Ramon P. Heimerl, Colorado State College of Education, Greeley, Colorado.

Other persons are being asked to participate.

Two luncheon addresses on leadership in consumer credit activities and the future of consumer credit development are scheduled. A tour of one of the beautiful Denver mountain areas will be available on Sunday afternoon, March 24, from 2:00 to 5:30 P.M. A buffet supper will be held that evening, providing an opportunity for friends from past conferences to meet.

Accommodations will be available at the Albany and Brown Palace Hotels in Denver. All conference meetings will be held in the College of Business Administration Building.

Roscoe W. Reichard Retires

After 36 years' service with The Hecht Company, Washington, D. C., Roscoe W. Reichard recently retired as credit sales manager. He is a well-known figure in local and national credit circles, having served for 20 years on the board of directors of the Retail Credit Bureau of Washington, and was twice elected president. He was also an active member of the board of directors of the Credit Management Division of the National Retail Dry Goods Association. He has been a member of the National Retail Credit Association for more than 30 years and now becomes an Honorary Life Member. He has been a long-time member of the Reciprocity Club of Washington and the Kenwood Golf and Country Club.

He has joined the Columbia Adjustment Service as a partner. The service was organized ten years ago for the purpose of aiding business firms and professional men in the collection of past-due accounts. Their offices are at 518 Colorado Building, 1341 G Street, N.W., Washington, D. C.

New Honors for J. E. R. Chilton, Jr.

J. E. R. Chilton, Jr., after serving thirty-three years as secretary of the Dallas Retail Credit Managers' Association, Inc., retired from that office on Dec. 10, 1956. For his outstanding contribution in helping to guide the work of the organization through many years of devoted service, the Board of Directors at a meeting on Jan. 8, 1957, created for him a special office—Secretary Emeritus—and made him a lifetime member of the Board of Directors.

At the annual banquet honoring retiring presidents of the Dallas Retail Credit Managers' Association and the Dallas Credit Women's Club, on Jan. 22, 1957, at the Lakewood Country Club, he was presented a 14-carat gold card contained in a leather case and engraved as follows: "Presented to J. E. R. Chilton, Jr., for thirty-three years' service to D. R. C. M. A.—1923-1956." Association President John Stovall said, in presenting the gift, as shown below, "In every organization there are a number of members who carry the burden of work necessary to keep the group on their toes and perennially to renew enthusiasm and interests of their association. If you delve a little deeper into the membership you will usually find an individual who year after year will devote more time than he can spare, do more work than he should, and use his own funds to see that the proper things are done and the proper services are rendered.

"This person will continue his efforts for the organization through the years and will make available the knowledge gained from experience to enable each succeeding group of officers to bring their year to a successful conclusion. Of necessity this man must have patience, tact, and ability—a keen intellect, a pleasing personality, and a dedicated interest. He must tutor the slow, encourage the timid, instill confidence in the doubtful, build interest in the listless—in short, be a father-confessor and a human encyclopedia for the parade of officers and directors as they pass. We are fortunate to have as a member one who fulfills all these requirements and has all the attributes we have named (plus others that we have not mentioned) in Mr. Chilton."

Mr. Chilton is president of The Chilton Company, Inc., which operates seventeen credit bureaus in Texas, including the Merchants Retail Credit Association of Dallas.

J. E. R. Chilton III was elected at a recent meeting of the group to succeed his father as secretary of the Dallas Retail Credit Managers' Association.

CREDIT DEPARTMENT *Letters*

LEONARD BERRY

THIS IS the time of the year when most managers of credit sales are engaged in the necessary task of transferring seriously past-due accounts to the Profit and Loss ledger. There can be nothing joyful about conceding that certain accounts are uncollectible—no one likes to admit failure. However, credit managers and top management, too, should recognize that some credit "markdowns" are inevitable; they are the necessary corollary of doing an extensive credit business. When such credit markdowns do not exceed a predetermined percentage of total credit sales, they should be regarded as part of the price paid for the benefits of profit-producing credit sales promotion. Credit managers should not feel unduly depressed nor should management berate the credit executive for his seeming failures.

Lessons can be learned from these "bad" accounts. They should be analyzed to see wherein the fault lies. Was the charge-off the result of failure to take a complete credit application? Was a thorough credit bureau check undertaken? Did the fact that terms were insufficiently stressed at the opening of the account have anything to do with the result? Was the collection procedure initiated early enough and was it pursued closely enough? Answers to these questions won't help with the account that now becomes a bad debt, but they will help considerably in reviewing and, if necessary, tightening and improving the credit and collection procedure for the future.

Also, it should be remembered that recoveries from bad-debt accounts are considerable. In fact, during the six or seven years that followed the "great depression" recoveries from bad-debt accounts far exceeded current transfers to that ledger. This, of course, reflected the "built-in" willingness of the vast majority of people to honor their obligations when they can possibly do so.

The bad-debt ledger should not become a graveyard. There is a temptation to accomplish the bitter job of transferring the account and then, with some relief, to simply forget it. Accounts should, of course, be transferred when they become six months or more past due but they should never be wholly forgotten.

Circumstances of people do change. Financial turmoils and battered budgets have a way of straightening out. The jobless do get other jobs. An account completely uncollectible today might become collectible tomorrow. Periodically, all the accounts in the Profit and Loss ledger should be reviewed and as long as the debtor can be found, efforts made to bring about collection.

No need to write these people a lengthy letter—in fact, it is better not to do so; they have received all the collection appeals you can possibly dream up! Write a brief note reminding the debtor that the store has not forgotten about the debt, and express the hope that the debtor hasn't either. Many credit managers enclose that mighty little booklet of a thousand uses, *The Good Things of Life—on Credit,* with the letter as an educational item. These booklets are obtainable from N.R.C.A. at modest cost. Single copy gladly sent free on request.

There are two reasons for recommending this persistent collection work on P and L accounts. The first, of course, is to get the money! That money is rightfully due and should be paid. The second is the possibility of rehabilitating a "lost" credit customer. Even an old P and L account, paid in full and the situation adequately explained, can be restored to "credit circulation." Credit sales managers should not hold grudges . . . instead of remembering vividly the details of a troublesome collection account, they should be willing to forget the past *should the present* offer assurance that the reopened account will be paid promptly in the future.

This Month's Illustrations →

Illustration No. 1. Here is an excellent printed collection reminder used by Titche-Goettinger Company, Dallas, Texas. Note the inclusion of the telephone number and in addition, the particular extension. All our communications should be designed to make it "easy" for the customer to respond.

Illustration No. 2. There is considerable interest among credit executives in informative leaflets or brochures setting forth details of credit plans offered. Here we show both sides of a fold-over leaflet used by Blach's, Birmingham, Alabama. It is important in these days of multiple credit plans to inform customers of the details of credit service available.

Illustration No. 3. This is one side of a fold-over printed form used by Sibley, Lindsay & Curr Company, Rochester, New York, to acknowledge the opening of a new charge account. On the side not shown appear the words: "Thank you . . ." in graceful script.

Illustration No. 4. Here we show an inexpensive but effective follow-up to inactive-account customers. This is a postcard with the customer's name and address handwritten on the other side. This sparkling mailing piece comes from Sonnenfeld's, St. Louis, Missouri.

Illustration No. 5. Here we show both sides of a temporary credit card used by The Diamond Store, Charleston, West Virginia. Willard R. Pool, Manager of Credit Sales, explains that this temporary card is given to new customers immediately when the account is opened. The Charga-Plate is sent later. Floor release limit on the card is $10.00.

1

PLEASE TELL US WHY?

Telephone
ST-4811
STA. 314

There must be some reason why you are not paying your account. Several reminders about your account have already been sent and we have not received payment.

We believe you have patronized us because you have confidence in us and in our willingness to be fair with our customers. It is our sincere desire to maintain this mutual feeling of confidence and we are sure you want it maintained.

Won't you help us by sending check or replying now.

Sincerely,

Titche-Goettinger

If payment has been made during the past few days, please accept this as a Thank You.

Tear off here and enclose top part with remittance, seal and mail.

FROM ____________________

PLACE 3¢ STAMP HERE

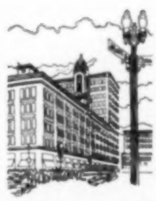
TITCHE-GOETTINGER CO.

Main, Elm and St. Paul

Dallas 1, Texas

Dept. of Accounts

3



It is a pleasure

for Sibley's to open a charge account for you. We hope that, along with thousands of other customers who use our charge account plan, you will enjoy its convenience.

You'll find your Sibley account useful when you shop in either our Main Street store or in our suburban store at the Eastway Shopping Plaza. There's no need to carry large sums of money with you when you shop with your charge-plate, no waiting for change. With your charge account, you'll find phone and mail orders are quickly and easily filled.

To us, your charge account means that you enjoy shopping at Sibley's, that you like our goods and services and enjoy shopping at our store. You may be sure that Sibley's will make every effort to keep you a happy and a satisfied customer.

SIBLEY, LINDSAY & CURR COMPANY   ROCHESTER 4, NEW YORK

2

TYPE OF ACCOUNT DESIRED

REGULAR 30 DAY CHARGE ACCOUNT ☐

SELF-PLANNED CONTINUOUS CHARGE ACCOUNT ☐

PLEASE PRINT: MR. / MRS. / MISS

(PRINT NAME) (INITIAL) (LAST NAME) (WIFE OR HUSBAND FIRST NAME)

ADDRESS / PHONE

CITY / ZONE / STATE / APT. NO. / OWN / RENT / HOW LONG

HUSBAND'S (NAME OF FIRM) / ADDRESS / POSITION / HOW LONG EMPLOYED / PHONE

WIFE'S (NAME OF FIRM) / ADDRESS / POSITION / HOW LONG EMPLOYED / PHONE

CHARGE ACCOUNTS AT OTHER STORES—PRESENT OR PAST

LIST STORES

BANK

DATE / YOUR SIGNATURE

FILL IN THIS CONVENIENT COUPON AND GIVE IT TO ANY BLACH'S SALESPERSON

OR

MAIL

TO

BLACH'S FAIR AND SQUARE

BIRMINGHAM 3, ALA.

Founded 1856 Est. Birmingham 1885

BLACH'S FAIR AND SQUARE

OFFERS 3 EXCELLENT CREDIT PLANS . . .

READ ABOUT THEM AND DECIDE WHICH MEETS YOUR INDIVIDUAL NEEDS

4

You have been an elusive lady lately and we're completely in the dark . . .

as to why you haven't used your charge account in an awfully long time. Naturally we're concerned when a good customer stops coming in. We're chock full of bright new fashions for a bright new season:—and we're looking forward to seeing you very soon.

Sonnenfeld's

ST. LOUIS, MO   CE 1-6660

P.S. Did you know we now have a 3-way plan to help that budget—

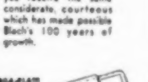
1. our regular 30 day charge account
2. revolving charge (up to 6 months to pay)
3. layaway

Plan no. 1

Regular 30-Day
CHARGE ACCOUNT

Our usual charge account plan upon which you receive a statement of purchases made each month, and is payable in thirty days. Of course there is no service charge. With all types of charge accounts—and with cash purchases also, you receive the same considerate, courteous which has made possible Blach's 100 years of growth.

CONVENIENT CHARGA-PLATE SHOPPING



Plan no. 2

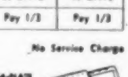
90-Day
CHARGE ACCOUNT

A convenience to enable you to extend payment for "large ticket" or "wardrobe" purchases which you may not wish to pay in a lump sum over a period of 90 days. There's no carrying charge. If you have a particular credit problem, our Credit Department will gladly talk it over with you and arrive at a satisfactory agreement for your personal needs.

30 DAYS	60 DAYS	90 DAYS
Pay 1/3	Pay 1/3	Pay 1/3

No Service Charge

CONVENIENT CHARGA-PLATE SHOPPING



Plan no. 3

Self-Planned
Continuous Charge Account

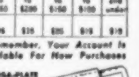
Blach's brand new charge account plan is one of the newest of its type in the country. You shop with your Charga-Plate and receive a regular monthly statement. There is no down payment required. In this plan BOTH your payment due and service charge vary with your previous month's balance. The chart below shows how your payments go down as your balance is reduced. Service charge is 1½% of balance. You are always "open to buy"—and you are open to plan your payments from month to month.

Your Payments Automatically Reduce With Your Balance

When Your Balance Becomes	Over $300	$300 to $250	$250 to $200	$200 to $150	$150 to $100	$100 and under
Your Payment Drops to	1/5 of Bal.	$45	$35	$25	$15	$10

. . . And Remember, Your Account Is Always Available For New Purchases

CONVENIENT CHARGA-PLATE SHOPPING



The Diamond

TEMPORARY CREDIT CARD   6070

5

To ____________________

Please note terms on reverse side

TO ALL EMPLOYEES:

Please show our new charge friend every courtesy and consideration. Thank you.

The Credit Department

I or we agree to pay for all charges within 30 days from the billing date shown on my statement.

Signature ____________________

Items of Interest From the Nation's Capital

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

***Paying Habits of GI Debtors.*—**A report by the Veterans Administration on its guaranteed loan operations under the GI Bill establishes the fact that GI's pay promptly. Defaults represent but a tiny fraction of the whole. VA reports that termination experience shows GI home mortgages with maturities of less than 20 years have an average life expectancy of about 9½ years. Twenty-year mortgages stayed on the books of private lenders for about 11 years, and 25-year loans for 14 years, the report stated. VA said that since the start of the GI loan program in 1941 total loans numbered 5,021,570, amounting to $39,249,000,000. Of all loans closed, 4,724,151 were home loans amounting to over $38.3 billion; 227,375 were business loans totaling $624 million; and 70,044 were farm loans for $276 million. One out of every four loans made, or 1,118,227 loans amounting to nearly $6.2 billion, has been paid in full. VA has paid claims on only 45,202 loans. Through November, 1956, 28,900 claims were paid on home loans, or slightly more than one-half of one per cent of the 4,724,151 home loans guaranteed. The net amount of claims paid to date on all GI loans is $33,979,000, or about 87 cents for every $1,000 borrowed.

"Tax Book Lavish on Loopholes" was the headline of a news dispatch in the *Washington Post & Times-Herald* for January 3, 1957, describing the Internal Revenue Service's latest book on individual income tax liability. Substantially expanded, it contains a 25 per cent increase in subject matter over last year, when only about 400,000 copies were sold at 25 cents per copy. This year the IRS is putting on an intensive campaign to get more copies into the hands of the some 40 million individual taxpayers. The 1956 edition puts emphasis on individual receipts ***not*** taxable as income or taxable at discounted rates, and is profuse in examples and illustrations. The *Post & Times-Herald* article quotes an IRS spokesman as saying, "A deduction, we think, is a deduction and ought to be spelled out as plainly as the liability—let the chips fall where they may." Internal Revenue plainly believes its book will help it to do a better job, as well as benefit the taxpayer. It is available for 30 cents at the Government Printing Office, Washington 25, D. C. There is a companion 128-page volume for Small Business which should prove invaluable for taxpayers in that category.

***Another Bill on Debt Adjusting or Debt Pooling.*—**A bill, H. R. 573, introduced by Congressman Broyhill (D., Va.), would outlaw the business of "budget planning" in the District of Columbia, under the following definition: " 'Budget planning' means the making of a contract with a debtor whereby the debtor agrees to pay a sum of money periodically to the person engaged in budget planning who will distribute such sum of money among certain specified creditors in accordance with a plan agreed upon and the debtor agrees to pay to such person compensation or other valuable consideration for such service or for any other service rendered in connection therewith." Criminal sanctions of fine and imprisonment are provided for violation (see The CREDIT WORLD, August, 1956, p. 31).

***Garnishment Bill.*—**January 3, 1957, opening day of the 85th Congress, Mr. Thomas B. Curtis (R., Mo.), reintroduced his bill to provide for the garnishment of salaries of federal employees. Identical to the previous bills which Congressman Curtis sponsored in the 83rd and 84th Congresses, it would subject all federal civil employees, including elected and appointed officials, to the remedy of garnishment in the same manner as under applicable state law.

***Government-Sponsored Advisory Groups Target of Antitrust Bill.*—**Representative Emanuel Celler (D., N. Y.), who is a lawyer, states that he has been interested in antitrust problems since he first came to Congress in 1922. Now chairman of the House Judiciary Committee, he has been a member of that committee for twenty years, and he is again chairman of the Antitrust Subcommittee, and was the first chairman of that committee when it was organized in 1948. He appears qualified and determined to put through certain antitrust amendments. A recent statement issued by Mr. Celler says that four bills which he has introduced are "part of a continuing program to increase effective enforcement of the antitrust laws and to assure the maximum realization of a competitive free enterprise system." One of the bills would make advisory group criteria promulgated by the Department of Justice mandatory in the organization and operation of advisory groups which bring together competitors in any industry or segment of industry. Reasons and objectives are reflected in the following excerpts from Mr. Celler's statement:

> While it is essential that government officials secure the advice from industry necessary for them to discharge intelligently their administrative responsibilities, it is equally important that procedural safeguards be erected to prevent abuses which have been shown to exist in the operation of advisory groups. The Antitrust Subcommittee's investigations have demonstrated that in practice, the activities of some advisory groups have involved delegations to private parties of functions which properly should reside exclusively in government officials.
>
> The operation of some advisory groups has resulted in the creation of administrative lobbies within the Executive Branch of the government and has placed the interests represented on the group in a favored and influential position in the routine operations of government and the solution of public problems.

comparative COLLECTION PERCENTAGES

December 1956 vs. December 1955

N.R.C.A. District	Cities	Department Stores (Open Accounts) 1956 AV.	HI.	LO.	1955 AV.	HI.	LO.	Department Stores (Installment Accounts) 1956 AV.	HI.	LO.	1955 AV.	HI.	LO.	Women's Specialty Stores 1956 AV.	HI.	LO.	1955 AV.	HI.	LO.	Men's Clothing Stores 1956 AV.	HI.	LO.	1955 AV.	HI.	LO.
	Boston, Mass.*	44.4	54.5	31.6	44.2	51.2	35.1	15.6	27.2	6.8	16.6	31.5	6.4	—	—	—	—	—	—	—	—	—	—	—	—
	Portland, Me.	—	46.2	—	—	53.2	—	—	17.1	—	—	17.1	—	—	—	—	—	—	—	—	—	—	—	—	—
1	Providence, R. I.	39.3	41.2	38.7	46.9	49.9	43.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Springfield, Mass.	50.0	51.1	49.0	57.1	58.7	55.5	18.8	24.3	13.3	24.8	26.8	22.9	—	60.0	—	—	64.1	—	—	47.2	—	—	50.6	—
	Worcester, Mass.	—	—	—	46.1	46.2	46.0	—	—	—	17.5	21.8	13.2	—	—	—	53.1	54.2	52.0	—	—	—	—	—	—
2	New York, N. Y.	44.1	52.8	32.5	42.4	56.0	33.8	12.0	13.5	10.6	10.9	12.5	9.3	41.3	44.4	38.7	45.3	47.3	43.7	48.4	49.5	47.3	49.1	49.9	48.4
3	Birmingham, Ala.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Cincinnati, Ohio	56.1	62.3	51.3	54.8	61.5	50.4	15.8	18.1	11.0	16.1	18.9	11.8	—	—	—	—	—	—	—	—	—	—	—	—
	Cleveland, Ohio	44.5	53.2	40.0	46.4	56.2	41.7	15.2	16.9	12.2	16.3	18.4	12.2	46.9	59.8	34.0	41.7	46.5	36.9	67.3	93.8	40.9	68.4	89.4	47.4
	Louisville, Ky.	51.6	56.0	43.4	51.2	55.8	47.5	16.1	17.4	14.4	16.8	17.9	16.1	40.9	44.3	38.9	40.3	44.0	37.4	47.2	52.6	41.9	46.3	50.9	40.0
5	Milwaukee, Wis.	—	—	—	57.4	58.7	47.3	—	—	—	14.3	16.0	14.0	—	—	—	50.4	60.4	40.4	—	—	—	50.4	65.9	48.0
	Toledo, Ohio*	58.0	60.7	23.7	57.1	57.3	28.2	17.0	19.9	14.7	19.7	22.0	14.5	—	—	—	—	50.6	—	—	—	—	—	40.7	—
	Youngstown, Ohio*	45.4	49.8	41.1	48.2	56.5	39.9	12.6	14.4	10.9	12.1	14.1	10.2	—	—	—	—	—	—	—	42.6	—	—	—	—
	Ottawa, Ont.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	Minneapolis, Minn.	56.3°	62.9	50.7	57.0°	62.9	53.2	14.6	16.1	13.2	13.5	14.0	12.9	45.4°	53.0°	37.8°	44.2°	52.4°	35.9°	39.9°	46.7°	30.0°	44.2°	51.2°	34.9°
7	Kansas City, Mo.	57.1	61.3	43.1	52.6	61.0	44.1	15.7	24.9	6.9	16.4	21.5	5.4	52.0	62.0	35.9	55.2	66.1	41.3	—	—	—	—	—	—
	St. Louis, Mo.	57.6	58.0	56.8	55.7	58.3	54.7	17.4	20.2	17.1	20.7	21.8	17.4	57.6	65.8	49.4	60.9	65.5	56.4	50.6	52.8	48.4	50.3	52.7	47.8
	Dallas, Texas	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	Ft. Worth, Texas	50.2	50.6	45.7	55.2	57.9	48.8	13.4	17.2	10.2	13.1	19.8	12.7	51.1	43.7	49.2	48.6	50.9	44.6	—	—	—	—	—	—
	Houston, Texas*	—	—	—	—	—	—	12.2	14.6	9.8	12.2	13.5	11.0	45.0	49.1	40.9	43.2	46.9	39.6	42.2	46.2	39.3	—	44.6	—
	Denver, Colo.	50.4	53.3	42.5	47.1	55.5	39.6	17.7	25.0	14.3	18.0	31.1	14.6	46.7	50.4	43.1	46.3	53.0	39.6	46.7	50.4	43.1	46.3	53.0	39.6
	Salt Lake City, Utah	44.4	65.4	32.5°	48.4	60.0	29.1	17.1	21.3	12.5	18.8	22.6	15.1	—	—	—	—	—	—	57.0	59.0	55.1	58.2	63.2	53.2
10	Spokane, Wash.	—	43.9	—	—	43.9	—	—	11.0	—	—	8.8	—	—	61.1	—	—	56.4	—	—	—	—	—	—	—
	Los Angeles, Calif.	59.4	63.5	42.6	55.6	62.2	47.9	—	—	—	—	—	—	—	—	—	—	—	—	47.0	74.7	41.7	54.0	59.7	49.2
	Oakland, Calif.	—	—	—	60.4	64.4	49.4	—	—	—	14.9	18.5	12.7	—	—	—	57.7	66.0	49.9	—	—	—	—	47.6	—
11	Santa Barbara, Calif.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	San Francisco, Calif.*	57.7	66.8	46.4	57.6	69.3	52.0	16.0	19.7	14.3	15.2	17.9	15.0	45.3	48.8	43.8	48.7	51.6	43.1	42.7	47.4	40.0	47.6	52.3	43.4
	San Jose, Calif.	—	—	—	58.1	69.4	50.7	—	—	—	17.9	19.9	15.9	—	—	—	—	58.1	—	—	—	—	—	58.1	—
	Baltimore, Md.	48.7	56.8	39.4	48.5	54.4	41.5	16.2	22.4	10.6	16.5	24.5	11.0	38.4	38.5	38.3	45.4	58.5	32.1	43.9	62.1	25.7	45.3	59.3	31.4
12	Philadelphia, Pa.	32.6	37.4	27.4	31.5	38.3	25.6	8.6	16.8	8.0	8.7	17.7	6.8	39.2	46.8	34.2	31.5	38.3	25.6	—	—	—	—	—	—
	Washington, D. C.	—	—	—	45.8	50.1	42.6	—	—	—	44.2	54.3	37.5	—	—	—	—	—	—	—	—	—	—	—	—

* Figures for November. ° Includes 30—60—90-day accounts.

Consumer Credit for November

CONSUMER INSTALMENT credit outstanding increased $213 million during November to an estimated $31,024 million at the month-end. The increase compares with an increase of $301 million in November 1955 and $102 million in the same month of 1954. Automobile instalment paper declined slightly in November primarily as a result of seasonal factors. All other components of instalment credit increased. Total short- and intermediate-term consumer credit outstanding amounted to an estimated $40,631 million at the end of November. This was $435 million higher than a month ago and $3,517 million above a year ago. The seasonally adjusted increase in instalment credit outstanding amounted to $300 million in November. This was above the increase in other recent months but somewhat below the average monthly increase in the early part of the year. Seasonally adjusted extensions of instalment credit amounted to $3,461 million in November, somewhat above the previous high reached in the third quarter of 1955. Seasonally adjusted repayments, estimated at $3,161 million, were down slightly from October.—Federal Reserve Board.

Department Store Credit for November

INSTALMENT ACCOUNTS outstanding at department stores increased 4 per cent in November, when some rise is customary, and were 14 per cent above a year earlier. The November collection ratio is estimated at 16 per cent, 1 point more than both a month ago and a year ago. Charge accounts receivable also increased, and at the end of the month showed increases of 10 per cent and 4 per cent from a month ago and a year ago, respectively. Collections on charge accounts during November amounted to 47 per cent of first-of-month balances, the same as in October, but 1 point less than a year ago. Total sales at reporting department stores were up 19 per cent from October to November, reflecting increases in all types of sales. Both cash and charge-account sales were 3 per cent above a year earlier and instalment sales were 11 per cent higher than in November 1955.—Federal Reserve Board.

Granting Credit in Canada

National Retail Credit Week in Canada

H. L. HULME, *President*, Credit Granters' Association of Canada, Toronto, Ontario

BY THE TIME this article goes to press my term as your President will fast be drawing to a close. As one of my last official acts, I solicit your cooperation and support in the promotion of "National Credit Week in Canada," April 28 to May 4, 1957.

In the past three years some of our units have made commendable strides in the promotion of Credit Week, and I would certainly like to feel that this year we will make it a 100 per cent effort by all units in Canada taking part.

I personally feel at this time that we who are dealing in consumer credit must do all in our power to promote the three purposes of Credit Week:

1. To encourage the broadest use of consumer credit consistent with sound business principles.
2. To educate the public in the proper use of consumer credit as a relation of mutual trust.
3. To encourage the prompt payment of all obligations.

Appoint Committee Now

From past experience, we must not wait until April to start our promotion, but must act now, and in order to ensure the success of Credit Week, I urge each and every unit to appoint a National Credit Week Committee if such a committee is not now in force. The following are a few suggestions which I hope will be helpful to your Credit Week Committee. Without the cooperation of others engaged in Consumer Credit Operations a plan such as Credit Week could easily fall short of its mark. I suggest, therefore, that you solicit the active cooperation of the Credit Women's Breakfast Club and the Credit Bureau Managers and Merchants' Associations. In this way we can guarantee the maximum of efficiency and impact.

The question might arise, Where do we find the funds for such promotion? I suggest that you solicit these from the local merchants, banks, finance houses, in fact from everyone extending consumer credit. Some of our units in the past have solicited with great success the Chamber of Commerce, the Board of Trade, and the local and municipal governments. I strongly suggest that you try these also.

Another suggestion which has been tried and which has met with a fair amount of success is the solicitation of the cooperation of the clergy in your community. Sunday, April 21, should be known as "Meet Your Obligations Sunday" and your Committee can do much to promote Credit Week by having your local ministers direct their sermons along the lines of Meeting Your Moral, Financial, and Spiritual Obligations Promptly.

Again, I would suggest the wide use of our slogan, "Buy Wisely—Pay Promptly." Many units throughout Canada have been using the slogan quite consistently and with very good results. You are all aware of the fact that we have for your use four copies of the film, "The Better Things of Life—on Credit," which can be secured by your Committee merely by writing to the National Office in Toronto. The only cost here is the transportation. As the supply is limited as far as this film is concerned, you should have your Committee make reservations early.

Your Committee should not overlook the fact that some of our larger stores through their Advertising Departments would be only too willing to foster some of our slogans during Credit Week. I would therefore suggest that the credit managers from some of these larger stores be asked to contact the advertising managers in this regard at the earliest possible date, since these mats are made up well in advance, as you know.

Newspaper cuts have also been used with very good results, to say nothing of spot announcements on radio and television. You should also arrange to have speakers to talk along credit themes to your local clubs, civic groups, and Parent-Teacher Associations. Such speakers could also be most helpful were they to address senior classes in the high schools.

Write the National Office

The National Retail Credit Association office at 375 Jackson Ave., St. Louis 5, Mo., in its effort to promote National Credit Week, has prepared a packet containing items on newspapers, spot announcements, TV and radio talks, etc. This is yours merely for the asking. I suggest that all Committees have this material sent to them at the earliest possible date.

It is my firm belief that if all or some of the above suggestions are used by each unit across Canada, National Credit Week for 1957 will be one of the most successful we have ever conducted.

May I at this time, as your retiring President, take this opportunity to extend to you all my thanks for the splendid cooperation and assistance that you have given me during the four years it has been my pleasure to act as your President. I can assure you that while I am stepping out of office, it is my hope that I will still be able to contribute in some small way to the growth and prosperity of our Association in the years that lie ahead.

***

Reading this publication carefully and regularly will contribute to your success as a Credit Executive.

Cooperation Is a "Must"

PAUL J. HOLLAND, ***Manager,*** **Halifax-Dartmouth Credit Exchange, Ltd., Halifax, Nova Scotia**

"Cooperation for Credit Protection." How many times have we read and heard these words? A thousand? Five thousand? Ten thousand? What does it mean? Does it work? Let us examine the facts.

In the United States and Canada today there are over 2,000 credit bureaus. Some are merchant-owned, some privately owned. How many credit bureaus could operate without cooperation from the member merchants? The answer to that is very simple: None. If this is the case, you may wonder why we talk so much about cooperation. Why are credit bureau managers continually advertising "Cooperation for Credit Protection"? The answer to this is also very simple. It is because 100 per cent cooperation is not received by any bureau.

Just what does this "Cooperation for Credit Protection" mean? It means that the member merchants of a credit bureau will cooperate in protecting their own accounts, and in keeping the credit record of the community in good condition. This in turn helps to improve the general economy and the living standard of that community.

The merchant's part in this cooperative effort is to supply all information regarding new, active, and closed-out accounts. The credit bureau is like a bank—you cannot draw from it unless you make a deposit. The merchant, therefore, deposits with the credit bureau the information needed to supply credit reports. These reports, then, are the withdrawals made against the deposits. As all credit bureau members know, your withdrawals are much greater than are your deposits. For every new account you report to the credit bureau you have probably received information relative to three or four accounts your customer has previously had. When you deposit with the credit bureau information such as new accounts opened, accounts thirty days or more in arrears, repossessions, etc., you as a merchant are doing so in order to protect your investment in these accounts. This information is noted by the credit bureau on the files of the individual concerned, and is given to any member merchant who requests a credit report. Without the cooperation of the merchants, a credit bureau cannot operate successfully; without a credit bureau, the merchant is at the mercy of his customers as to whether they will pay their bills or not.

The foregoing should show you exactly what "Cooperation for Credit Protection" means. The question that probably comes to your mind now is whether this "Cooperation for Credit Protection" works. There are many schools of opinion on this thought. Some people say yes; some say it is partially effective; some say it is no use, as the other fellow will not cooperate. In some cities there is 100 per cent cooperation and others may enjoy only 75 or 50 per cent. In our city, I would say we enjoy about 70 to 80 per cent cooperation.

This percentage does not refer to our members. It refers to the number of accounts opened that we receive a report on. In other words, a large store doing a tremendous volume may report all necessary information while five small stores doing a much smaller volume may not report at all. Yet the big store opens twice as many accounts as the little fellows. Therefore, we have 50 per cent cooperation.

How does this affect the building up of the credit bureau's records? If your bureau is receiving 80 per cent reports on all new and active accounts, you can, without too much difficulty, make an adequate decision on whether or not to grant credit. However, if your bureau's average is below 60 per cent, you should give some thought to improving this condition.

What can be done to improve and keep up to date your credit bureau files? The answer to that question is what "Cooperation for Credit Protection" means. Here are six rules to follow if you wish to have a credit bureau second to none. Follow these steps, even if it is necessary to hire additional staff or work a little harder, and your task of granting credit will be much easier and your collection problems will be considerably reduced.

Six Rules to Follow

1. Report monthly to the credit bureau all new accounts opened on your books.
2. Report monthly to your credit bureau all accounts sixty days in arrears.
3. Report to your credit bureau all accounts sued, repossessed, written off, and, if your bureau does not operate a collection agency, all accounts placed for collection with other agencies.
4. When requested to supply information on an account, do so as quickly and as accurately as possible.
5. Remember that your credit bureau is only as good as you make it. Talk over with your fellow merchants how you can help improve your bureau's service and discuss these ideas with the manager of the bureau; he will appreciate your help.
6. Finally, keep in mind that "Cooperation for Credit Protection" is not just a saying—it means cooperating with your bureau, and your fellow merchants, for the betterment of your bureau's service to you and for the good of the "credit health" of your community.

★★★

From the President's Pen

FEBRUARY, the midwinter month, besides being a stock-clearing month and a preparation-for-spring month, is also significant in the calendar of the United States. It is the birth month of our two greatest Presidents, George Washington and Abraham Lincoln, but for whose patriotism and courage our National Retail Credit Association might never have existed. Washington, our first President, the father of our country—rich, cultured, kindhearted and true—was "first in war, first in peace, and first in the hearts of his countrymen." He gave our nation a foundation of righteousness, courage, and determination that has made us a great and mighty force in the world of nations. Lincoln, the rail-splitter, the great emancipator and preserver of the Union—humble, poor and honest—his force of character taught us humility and tolerance and stamped us with a sense of right and justice that will prevail forever. His immortal words of wisdom shall live in the hearts of Americans as long as they exist in the society of mankind. As true Americans, we pause this month to bow our heads in gratitude for the influence of the lives and virtues of these great men and our priceless heritage from them.

Records are important, and record-keeping in a national association office is always a problem without the help of the affiliated units. I would urge our district and local associations to send the names and addresses of all their officers, including directors, to the national office each year immediately after installation. It is desirable that our national office have up-to-date records, and your diligence in this chore will do the job!

No details are available but I would mention a huge, all-out membership drive now being planned for mid-spring. Vice-President Gilliland will have his program ready soon, and I hope every member and every association or club will participate. We can do a marvelous thing for N.R.C.A.—something that will lift and inspire us—and set an enviable record, if all of us will do our best. We had a net gain of 2,321 members from June 1 to December 31, making us 7,679 short of our goal of ten thousand new members for year ending May 31, 1957, which we hope to attain. It will be easy, with all of us working on it!

A word of caution stemming from experience is sometimes timely and appropriate; therefore, I would caution our members about the so-called business consultants, commonly known as "efficiency experts." Con men, gyp artists, and sharpies are not always confined to carnivals, big games, state fairs, etc., or the sub-surface strata of our society, but can be equally successful with their nefarious operations in our best business institutions. My own management recently sustained a substantial loss with an organization that uses the ad pages of our leading business magazines; therefore, I urge you to investigate thoroughly before signing contracts or lending influence toward employing business experts, no matter how substantial they may appear. P. T. Barnum once said, "There is one born every minute," and it's true. We proved it!

I recently had the happy privilege of installing the officers in the Credit Granters Club of a small Texas city, and from the experience I am more than ever convinced that our National Retail Credit Association must find a way to extend its helpful influence into every part of our business world. The small city or town is important to all phases of our economy and important to our association. I have also observed the need for a universal organizational plan that will fill the requirements of the small-city association and parallel the national, the district, and the big-city local association. If the organizational plan, including officers and committees, were the same in all our units, it would be ideal for directing the exchange of knowledge, plans, and ideas, and a great asset in all our projects, objectives, and activities.

Of course, you are making plans for National Retail Credit Week, April 28—May 4. Some units are appointing special committees for the annual event, and some are entrusting this public education effort to the regular Educational Committee or to a subcommittee of the Educational Committee, but in either event an early beginning is most desirable. Our National Committee, with a representative from each district (under the capable direction of Roland Ruiz, D. H. Holmes Co., Ltd., New Orleans, La.), will be most anxious to assist you, as will the National office staff. We hope to have a full observance throughout the United States and Canada. It is a worthy objective!

The Consumer Credit Conference at the Sheridan-Brock Hotel in Niagara Falls, Ontario, Canada, February 23-26, will have a real International aspect since it will be a joint meeting of District 5 of N.R.C.A. and ACBofA with its Collection Service Division, Districts 5 and 13 CWBC of NA combined with the annual meetings of the Credit Grantors Association of Canada and the Associated Credit Bureaus of Canada.

Remember your District Conference this spring. Make your plans now to attend. *They are a good investment!*

Kimberley Goodman.
President
National Retail Credit Association

What to Wear at Miami Beach

The eternal question which every woman asks—"What shall I wear?"—is on the lips of all the wives of the credit executives and members of the CWBC of NA who will come to Miami Beach June 12-17, 1957, for their annual convention. First, it is natural to think of bathing suits—and, if it is possible, two suits will be very nice. It is a bit hard to get back into a wet suit, and morning and afternoon dips in either the pool or the surf are a "must" while you are in fabulous Miami Beach. Some people find it a bit cool when they come out of the water, so the new bathing suits with top coat to match will be fine if you are one who feels cool quickly.

Daytime dresses are cotton, nylon, or dacron, in any style that suits your fancy. Temperatures will range from 77 to 87 degrees, but all hotels, restaurants, theaters, and public places are air-conditioned and, therefore, will be about 10 degrees cooler than outside. For that reason, dresses with sweater tops, or jackets, will be best for all-round wear.

Remember you will be in the tropics, so your footwear should be in the line of spectator sports shoes, sandals or wedgies, and they should be sufficiently large—for with walking and sight-seeing you will not want your feet too closely confined. Let your imagination run riot when it comes to the dresses for evening! You will see everything, but cottons and nylons will probably be the fabrics most used. Very few long formals are used in this area during the summer months, but naturally there may be an occasion where they will be in order. Again remember that the night clubs and places of amusement will be air-conditioned and you should have a light evening wrap or stole for comfort.

Of course there will be no rainy period during your stay—but a light plastic raincoat might come in handy if we should have a shower. The average rainfall for June is very low, but occasionally we do have an early morning shower.

A great big welcome is awaiting you, so do not worry about your clothes. Just come on down and have fun. Us natives will not be dressed up but we will be mighty glad to see you. June 17, 1957 is M Day—Miami Beach Day—and it is strictly for *you!*—Mrs. Marie Whaler, *Vice President,* Industrial National Bank, Miami, Florida.

Conference Committees

Following is a list of the Committees appointed for the 43rd Annual International Consumer Credit Conference to be held in Miami Beach, Florida, June 16-20, 1957:

General Chairman
H. D. Jarvis, Burdine's

Sponsoring Associations
Greater Miami Credit Associations
Credit Women's Club of Miami
Associated Credit Bureaus of Florida

Exhibits
John Lurz, *Chairman,* Jordan Marsh
O. J. Price, Credit Bureau of Miami
Mrs. Ethel Curry, Florida Glass & Mirror Co.

Publicity
Alexander J. DeMarco, *Chairman,* Family Finance Service
James W. Crawford, Railey Milam
Mrs. Marie Whaler, Industrial National Bank
John Lurz, Jordan Marsh
Garland Grange, Richard's

Reception
James C. Herren, *Chairman,* Credit Bureau of Miami
Carle E. Dumford, Biscayne Chemical Laboratories
James H. Callahan, Rader and Associates
John C. Witty, Shaw Brothers Oil Co.
Mrs. Ruth Coates, Credit Bureau of Miami
Mrs. Edna Bell, Peoples National Bank

Registrations
David W. Cook, *Chairman,* Hartley's, Inc.
William H. Hearne, Bureau of Credit Administration
Mrs. Helen Mueller, Burdine's
Mrs. Mabel Cummings, Richard's

Group Meetings
Henry Horton, *Chairman,* Burdine's
Powell Jones, Dick Richmond's
Jack T. Merrill, City Products Corporation
Sheldon Nelson, General Master Tire Co.
Raymond T. Mayer, Bank of South Miami

Do It Now

Do not delay sending in your hotel reservation for the Miami Beach conference. All rooms at the Eden Roc have been assigned and all but the $16.00 per day rooms at the Fontainebleau have been assigned.

Rooms are available at the remaining hotels at the prices listed on page 15 of the January Credit World. The Empress, Sorrento, Sovereign and Broadripple are conveniently located and delegates wearing badges will be permitted to enter the Fontainebleau gardens through a gate which is less than 300 feet from the most distant hotel. Rooms at all hotels have been decorated recently and regardless of hotel to which delegates are assigned they will have no cause for complaint.

When making reservation specify hotel, give second and third choice and date of arrival. Registration fee of $20.00 per person must accompany registration. Make check for one day's hotel deposit and registration fee payable to International Consumer Credit Conference, 375 Jackson Avenue, St. Louis 5, Missouri.

Your plans should provide for departure on Friday, June 21, or later to enable you to remain for the banquet and entertainment on Thursday evening. If you are interested in the post-conference tour to Havana see details on page 31 of this issue of The Credit World.

—*L. S. Crowder.*

"Credit Education" (Beginning on Page 11.)

their standing in the community.

This program is not an easy one to undertake. It takes a lot of planning and hard work. This year the Credit Women's Breakfast Club of Des Moines is co-operating with the Retail Credit Association of Des Moines in providing speakers for the program.

Mrs. Betty Geist, a member of the board of directors of Retail Credit Association of Des Moines and past president of Credit Women's Breakfast Club of Des Moines, is acting as coordinator and planner. The planning committee must contact every high school at the beginning of each year, to find out what dates we should come into their schools. Since the classroom approach is used in this program, the average class consists of roughly 35 students and it is up to the planning committee to see that enough speakers and enough materials are available for the program to run successfully.

It has been my pleasant duty to discuss credit with over 5,000 students as the spokesman for the Credit Bureau since the inception of the program. If we are to help our future citizens maintain the credit economy as we now have it, every community should embark on a program of consumer education in its school system.

The principal in every high school where we have presented the program has told us that the students have voted our presentation the most outstanding course of their high school careers. Here is a letter from the Lincoln High School:

"One of the most practical uses of community resources in our 'American Problems' classes at Lincoln High has been the four-day unit on consumer credit. The local Retail Credit Association furnishes us a classroom set of the consumer education booklet, *Using Consumer Credit.* We use this as an introduction to the vocabulary of credit for about two days. Flannelgraph vocabulary drill is also used to help students visualize the terms employed in credit relations.

"Following these preliminaries we have speakers from the Credit Bureau explain the functions of credit and the detailed procedures of the local office and its service to its members and the credit-using individuals of the community. The film, 'The Good Things of Life—on Credit,' is usually shown during the first day of the program.

"The 'down to earth' presentation of the subject of consumer credit given with the help of these specialists is one of the high lights in our 'American Problems' course, since it is a perfect example of the typical life problems young people need to face with confidence in their competence through careful preparation and adequate information."

Shown on page 11, on the left, is a photograph of the class at Lincoln High School, Des Moines, Iowa, and on the right, Instructor John H. Robb explaining a particular point to a member of the class. ★★★

"Problems" (Beginning on Page 15.)

annual reports, organization business, election of officers and board meetings.

We also are finding that workshops or seminars on organization procedure and problems have become more and more important and are greatly desired by our members. The problems of scheduling all these without conflict with general meetings, or those of the other associations, are very great. For example, where ACBofA or N.R.C.A. has discussion or workshop meetings, the member, whose expenses are frequently covered by her employer, must attend those meetings in order to take back the knowledge to her job.

Yet we need her in CWBC meetings. Districts are resolving this problem, but it will take further discussion and most careful coordination and planning to work it out.

Financing is, of course, a general problem. No doubt there will be much discussion of it. CWBC districts receive dues from clubs and members in varying amounts, *but* in no case large enough to provide even what we consider necessary expenses, much less those which are incidental to conferences.

This means that local hostess groups often spend the year before and the year following a conference raising funds to cover the hospitality and CWBC events which they feel it necessary to sponsor.

Some conferences have been successful in allocating funds to this group in order to ensure some financial assistance. In view of the fact that CWBC registration sometimes runs as high as 50 per cent of the total registration, it is logical that some thought be given this matter, but we also realize that over-all registration and conference financing need review. It must also be remembered that frequently the CWBC registrant is a Bureau or N.R.C.A. registrant also.

Education is a matter of vital interest for CWBC. I have already mentioned the fact that we need time for education of our members in basic CWBC procedures. This need is increasing, rather than decreasing, with our growth.

We rely on ACBofA meetings to educate the CWBC Bureau member employee in current Bureau matters and the N.R.C.A. to provide the group and discussion meetings which deal with the problems of our credit granter members and of changing times and needs. We have much to gain and we believe much to give in this interchange.

We are proud that so many of our members serve on the panels, and as discussion leaders in the districts.

We believe that as we jointly continue the efforts of education, more of them are and will be competent to assume leadership in this field in which we are all so vitally interested.

We hope that the talents of our members will be used wherever and whenever it will serve to the advantage of our whole credit fraternity.

To summarize: our members must be employed by a firm holding membership in the credit bureau affiliated with ACBofA and/or N.R.C.A.; we have a deep and enlightened self-interest in the welfare and progress of both; we have a scheduling problem in joint meetings because of the difference in structure of our organization, which will not change materially in the near future; we have financial problems which we hope to alleviate through growth, but which presently impose some restrictions on the scope of our local and district activities.

Post-Conference Tour to Havana

ARRANGEMENTS have been made with Wylly's Tours, Inc., Miami Beach, and the Sevilla-Biltmore Hotel, Havana, for a tour to that city, leaving Miami by plane in the early afternoon of Friday, June 21. Return trip will be by plane Monday afternoon, June 24.

The all-expense trip will include transportation from the hotel in Miami Beach to the Miami Beach International Airport, transportation to Havana and return to Miami, transportation between the airport and the hotel in Havana, a delightful twin-bedded room at the Sevilla-Biltmore Hotel, a day's city sight-seeing trip, a country sight-seeing trip, including luncheon at the Rancho Luna, and one evening at the "Jai-Alai" games, one of the fastest sports in the world. There will be two night club tours, with delicious dinners at the fabulous Tropicana and Sans Souci night clubs. Performances are in a beautiful tropical setting under the stars. It is impossible to do justice to the shows in print. The girls are very attractive, are exquisitely gowned, and the dancing and singing are exceptional. Dinner will be served at 9:30, the first performance is at eleven o'clock, and those desiring to do so may remain for the one o'clock show, which differs from the first one. Transportation will be provided for the ones staying for the late show.

There will be ample time for shopping. The Sevilla-Biltmore Hotel is in downtown Havana, on the Prado. It will give you a picture of Old Havana, and its convenient location will appeal to those who are interested in walking tours in that section and visiting the shops.

United States Customs regulations will enable you to bring back $200.00 in merchandise per person, including one gallon of liquor and 100 cigars, duty free, provided you have been outside the United States for at least forty-eight hours.

All reservations must give name and address of each person, place and date of birth (and if not American born, State and Country or Court and date naturalization effected). No passport required from American or Canadian citizens, and a deposit of $10.00 per person will be required to confirm reservation for which receipt will be air-mailed.

The price of the tour is $97.00 per person, double occupancy, and $103.00 per person for single occupancy. A Cuban landing tax of $2.50 must be paid by each individual on arrival at the Havana airport. Gratuities are not included, with the exception of handling the luggage at the Miami and Havana airports and at the hotel in Havana. Meals are not included except as mentioned above—luncheon at the Rancho Luna and dinners at the Tropicana and Sans Souci night clubs.

Plane and hotel accommodations have been reserved in group form. However, application must be mailed to Wylly's Tours not later than May 25, 1957. Accommodations are limited and this tour may not be available after your arrival in Miami as all allocated space will be taken back and any reservation will be on space-available basis. At least one free trip, and possibly two, will be given as an attendance prize at one of the general sessions. If the winner has signed for the tour the purchase price or deposit will be refunded. Excellent English-speaking guides and limousines on all tours. There will be personalized service in Havana.

Send reservation, with deposit of $10.00 per person, to the authorized travel representative—Mr. A. Harold Binder, Wylly's Tours, Inc., 2921 Collins Avenue, Miami Beach 40, Florida.

Registration Blank

43rd ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

Miami Beach, Florida—June 16-20, 1957

Delegate Registration, $20.00 **Guest Registration, $20.00**

Check Type of Membership

Name____________________

Firm____________________

☐ ACBofA — City and State____________________

☐ CWBC of NA — Will attend sessions of________________Group

☐ N.R.C.A. — Will arrive ____________________

☐ I will attend CWBC of NA Breakfast, Monday, June 17, 1957—7:30 A.M. Empress Hotel. (Cost Included in Registration Fee.)

Mail Registration Blank with check attached payable to:

INTERNATIONAL CONSUMER CREDIT CONFERENCE COMMITTEE
c/o National Retail Credit Association
375 Jackson Avenue, St. Louis 5, Missouri

Admittance to All Meetings Will Be by Badge Only

Mail This Blank In Today!

Editorial COMMENT

Will You Be There?

THE PURPOSE of the 43rd Annual International Consumer Credit Conference, to be held in Miami Beach, June 16-20, 1957, will be: "To cooperate in the wider distribution of goods and services through the sound extension of credit for the benefit of the consumer."

Credit discussions will be along the lines of "How to Better Serve the Customer."

Starting on Sunday afternoon, June 16, there will be a meeting pertaining to the problems of the District Associations. Vice President David K. Blair of San Francisco will preside.

The Monday afternoon Workshop, under the chairmanship of Vice President Eldon L. Taylor of Ogden, Utah, will follow the pattern of previous years. It follows:

2:15 Sterling S. Speake, Austin, Texas: "The Credit School program for year ending May 31, 1957, and plans for the last half of 1957."

2:45 J. C. Gilliland, Vice President, Chicago, Illinois, will discuss National Membership Plans for 1957-1958.

3:15 Francis Smith, Immediate Past President of ACBofA, Salem, Oregon, will outline plans of that Association in cooperating with N.R.C.A. in the building of a large membership.

3:45 Paul M. Millians, Vice President, Commercial Credit Company, Baltimore, is to comment on questions of general interest listed below:

1. Is there a tendency nationally to increase down payments?
2. Reduce maximum time?
3. What is the instalment sales outlook for the remainder of 1957?
4. Have major finance companies found it necessary to increase carrying charges?
5. What is the prevailing rate?

4:30 H. Leslie Hulme, President Credit Granters Association of Canada, "Credit Controls in Canada."

There will be a discussion period of ten minutes after each speaker.

Outstanding guest speakers will address the Tuesday, Wednesday and Thursday morning sessions. On Wednesday morning there will be a panel discussion on "Current Consumer Credit Trends." Joseph A. White, Chicago, Past President, N.R.C.A., will preside. Panel members and topics follow:

William A. Benson, Schuneman's, St. Paul, Minnesota.
"What are current trends in cashing checks?"

J. C. Gilliland, Pullman Trust and Savings Bank, Chicago, Illinois.
"What are current trends in bank charge-account plans?"

Edward L. Goodman, Burger-Phillips Company, Birmingham, Alabama.
"What are current trends in charging interest on past-due charge accounts?"

Robert D. Hannah, Bon Marche, Seattle, Washington.
"What are current trends toward 'single purpose' accounts?"

Earle A. Nirmaier, W. Wilderotter and Company, Newark, New Jersey.
"What are current trends in service charges and terms on instalment accounts for hard goods?"

Leland S. Somers, McCurdy and Company, Rochester, New York.
"What are current trends in service charges and terms on revolving credit accounts?"

As in the past there will be group meetings on Tuesday, Wednesday and Thursday afternoons, from two to five o'clock, for the following: Banking and Finance, Dairy and Baking, Department, Apparel and Shoe Stores, Furniture, Electrical Appliances and Musical Instruments, Medical-Professional, Newspapers and Publishers, Petroleum, Public Utilities and other types of business not specifically listed.

Entertainment for visiting ladies, other than delegates, will consist of a breakfast and style show at Burdine's, Miami Beach, and a boat ride on Indian Creek and Biscayne Bay, taking in the residential islands of Miami Beach.

Evening entertainment for delegates and guests will be a Mixer and Dance on Monday evening, a Water Show at the Fontainebleau Pool on Tuesday evening; it involves a number of world champion divers and comedy diving, water ballet, novelty water stunts and black light numbers. The grand finale will be the banquet, entertainment and dance at the Fontainebleau on Thursday evening, June 20. Arrange your travel schedule to be in Miami Beach that night.

If you have not made your hotel reservation, you are urged to send in your registration and reservation without delay. All rooms at the Eden Roc have been assigned, and all rooms at the Fontainebleau, except suites and those at the $16 rate, have been assigned. When making reservation specify date of arrival, hotel and type of room desired. You will be pleased with any hotel to which you are assigned. All are within one block of the Fontainebleau.

Come to Miami Beach in June. Benefit from an outstanding Conference and enjoy the ocean breezes.

L. S. Crowder

General Manager-Treasurer
NATIONAL RETAIL CREDIT ASSOCIATION